

**OVERSEAS MOVING**  
BY MICHAEL GERSON  
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# FINANCIAL TIMES

No. 30,883

Weekend July 1/July 2 1989

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**WORLD NEWS**

## Jaruzelski stands aside on presidency

Polish leader General Wojciech Jaruzelski announced last night that he would not be standing for the new post of state president. Instead he recommended Interior Minister General Czeslaw Kiszczak for the position.

Solidarity leader Lech Walesa, whose free trade union holds 46 per cent of National Assembly seats, was said to be flying to Warsaw for talks on whether his movement could back Kiszczak, a pro-reformist. Page 22

**Blackmail probe**

Police in London questioned two Britons about an international probe into a £169,000 blackmail attempt on a big West German supermarket chain which has been hit by six firebomb attacks. Page 3

**Sudanese coup**

Sudan's Government was ousted in an army coup, the country's third since 1966. Prime Minister Sadiq el Mahdi and other ministers were arrested. Page 22; Background, Page 2

**Bomb blasts boat**

The five crew of the Scottish fishing boat Ha'burn escaped unhurt when a 1,000lb wartime bomb which caught in their nets exploded in the Firth of Clyde and wrecked the ship. A lifeboat picked them up.

**Ross site work halted**

The Ross Theatre Trust was granted a temporary High Court ban on preparatory building work on the site of the Elizabethan playhouse in Southwark, south London.

**Gromyko III**

Former Soviet Foreign Minister Andrei Gromyko, who will be 80 this month, is "satisfactory" in hospital after undergoing surgery.

**Chemical arms deal**

Moscow and Washington have agreed details of a 10-year timetable for cutting chemical weapon stocks and production facilities, a Soviet official said. Page 2

**Writ served on Revolu**

Archbishop Robert Runcie was served with a High Court writ aimed at blocking plans to allow divorced men to become priests. Opponents of the move are seeking a ruling that a general synod vote on the issue was illegal because it did not receive a two-thirds majority.

**Interpol alert**

Air and sea ports are on alert for a 46-year-old Post Office worker who disappeared for a week's holiday with her husband at the same time as over £100,000 in cash vanished from Northampton's main Post Office vaults.

**Bomb threats close line**

A fresh series of IRA bomb threats forced the closure of the Belfast-Londonerry railway line. More than 80 buses were hired to ferry passengers.

**Union stance softens**

Transport workers at their Brighton union conference rejected motions calling for renationalisation of all concerns privatised by the Tories. Unions swing towards Labour mainstream. Page 4

**Poll on irradiation**

A survey of shoppers for a BBC programme found 41 per cent of women who had heard of food irradiation believed irradiated food would be less safe than untreated.

**Czechs expel US envoy**

A US diplomat who has close contacts with dissidents has been asked to leave Czechoslovakia, western envoys say.

**Space hotline swamped**

More than 1,000 people had responded by mid-morning yesterday to advertisements for volunteer astronauts to join an Anglo-Soviet space flight in 1991.

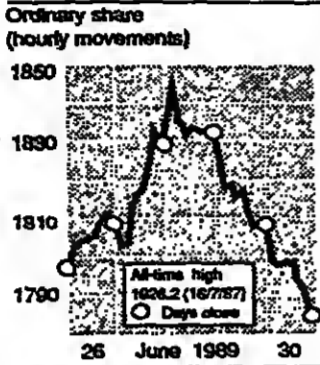
**BUSINESS SUMMARY**

## James Capel to make 100 redundant

James Capel, a leading City stockbroker, announced cost-cutting measures including the loss of more than 100 jobs. The news came as Smith New Court, the City's only publicly quoted equity market-maker, announced a loss of £12.6m. Page 22

UK EQUITIES continued their fall from midweek highs as concerns over US recessionary pressures were joined by a renewed slide in the pound and further news of redundancies in the London brokerage

**FT Index**



community. Losses increased substantially as Wall Street opened on a dismal note, the FT Ordinary losing 35.1 to 1,784.5, a fall of 13.3 over the week. In New York, the Dow Jones Industrial Average was 20.68 down by lunchtime to 2,437.59. London Stock Exchange, Page 11; World Stock Markets, Page 12

MORTGAGE rate rises of about 1 percentage point were announced by three leading mortgage companies. National Home Loans, the Mortgage Corporation and the HomeShare Mortgage Corporation said they would raise rates to between 14.65 per cent and 14.95 per cent for their main mortgages. Building societies and banks say they do not plan to alter their rates at present. Problems in the housing market are analysed on Page 5

INFLATION rates in the EC continued to creep up last month to an annualised average 5.4 per cent. The UK rate of 8.3 per cent was the EC's third highest, behind Greece (13.1 per cent) and Portugal (13 per cent). The Netherlands was the lowest, with 1 per cent. Page 2. Non-EC Yugoslavia's annual inflation soared to a record 63.2 per cent in June.

NIGEL LAWSON, the Chancellor, sought to dampen expectations that the Government's budget surplus this year could be well above his £1.4bn forecast. Page 22

EMS: Sir Leon Brittan, EC commissioner for competition policy and former Conservative Cabinet minister, urged Mrs Thatcher not to delay Britain's entry into the Exchange Rate Mechanism of the European Monetary System. Page 3

RECEITT & COLMAN, UK multinational, plans a shake-up of its toiletry and household goods operations, which will lead to about 500 job losses in the UK. Page 22

ROYAL ORDINANCE is granting a reprieve to its Bishopston plant near Glasgow, where it had intended to cease production. Page 5

MEXICO made clear that it would reject a proposal from leading commercial banks offering debt relief on \$50bn (£34.8bn) of loans. Page 2

US INDUSTRY: New orders for manufactured goods fell by 2.5 per cent in May - the largest monthly drop for 10 months. Page 2

FIAT of Italy's shareholders approved a management plan to buy £1,000bn (£450m) of the company's shares at maximum prices. Page 10

GATEWAY: Wapotein Perle and Great Atlantic and Pacific Tea Company of the US raised their all-cash offer for the last time to 26 2/3 per share, valuing the UK food retailer at £2.15bn. Page 8

# Banks win concessions to run student loans scheme

By David Thomas, Education Correspondent

THE CLEARING banks have won important concessions from the Government over the running of its student loans scheme. Banks have expressed concern at the risks involved.

Among the concessions, the Government has agreed that the banks will avoid the need to raise fresh capital by keeping the loans off their balance sheets.

They will also avoid competition among themselves by establishing a collective organisation to administer the scheme.

The banks are pressing ministers for an indemnity against a change of government or of government policy. They are also negotiating the fine print of a contract which will guarantee them a rate of return above standard interest rates in return for shouldering the scheme's risk.

The points have emerged from a confidential report prepared by Price Waterhouse, the

consultancy group, to help the banks in their negotiations with the Government. Both parties have refused to publish the report.

While the report shows that the banks look set to achieve most of their goals, it also bears out criticisms of the scheme given to Parliament last month by Mr Kenneth Baker, Education Secretary. It does not substantiate much higher costings quoted by the scheme's critics and repeated by the Labour Party.

Prompted by the report, the Government is considering the degree to which debt collection agencies as well as banks will chase graduates defaulting on loan repayments and what role employers of graduates will have in administering the scheme. Those decisions will affect both the scheme's final cost and its political acceptability.

The scheme, to be phased in from October next year, has

aroused widespread controversy since it was announced last November.

The banks were initially reluctant to participate, fearing that they would become a debt-collecting agency for the Government.

The Price Waterhouse report says the scheme "must provide an attractive rate of return for participating financial institutions."

That rate of return will have to be pitched at a level to compensate banks for their risk. "Essentially this is not a financial risk, but a risk that their reputation could be impaired by their involvement," it says.

The report proposes a "clause in the contract protecting participants" against "a change in government or change in attitude of government." It also advocates "careful marketing" to defeat "student opposition."

The report notes that participating banks would want to

keep the loans off their balance sheets and also that the banks had insisted on a collective approach. Initially, ministers had hoped that the banks would bid against each other for the business.

Both points have been met by Mr Baker's agreement that the loans should be administered by an arms' length company in which financial institutions will be able to choose to participate.

Price Waterhouse envisages the joint loans company having up to 269 staff, including 120 debt collecting staff, with a chief executive on an annual salary of up to £75,000.

It confirms Mr Baker's statement to Parliament that operating costs in 1995 could be up to £14m, equivalent to £12 per student account. That figure excludes any fees to debt collection agencies, depreciation. Continued on Page 22

Stirring up the language debate, Page 2

## Knapp shuns BR invitation to talks

By Jimmy Burns and Fiona Thompson

HOPES OF an early settlement to Britain's rail dispute receded last night after the leader of the biggest union involved dismissed as a "gimmick" an invitation from British Rail to talks next Tuesday, on the eve of the next threatened 24-hour strike.

Mr Jimmy Knapp, leader of the National Union of Railwaymen, told his unions' conference in Newcastle: "It is a gimmick, another manoeuvre, not a serious bid to negotiate."

The union will make a formal response on Monday morning, but it is thought unlikely that it will disagree with Mr Knapp. The NUR has insisted that any negotiations deal simultaneously with the issue of pay and collective bargaining.

Mr Knapp said BR had made it clear in its "invitation" that it still intended to scrap national collective bargaining - seen as a threat to the union.

BR said the proposed discussions could "range over the principles of BR's proposals for changes and the framework for further negotiations."

In a letter, Mr Trevor Toolan, BR's managing director, personnel, told union leaders: "I believe we can devise an appropriate forum and would hope that any wrangling on this point would not prevent our getting together."

The board said it was following up its advertisement in Thursday's national newspapers calling on the NUR to agree to arbitration by the industry's Railway Staffs National Tribunal on the other disputed issue of pay. Senior BR managers said yesterday they were prepared to abide by any decision of the tribunal as a basis for a settlement.

The white collar rail union, the Transport Salaried Staffs Association, which yesterday was also critical of BR's latest move, has agreed to go before the tribunal.

The NUR, however, says that it is not prepared to go to the tribunal because it can only adjudicate on pay, not collective bargaining issues.

Rail union leaders are meeting over the weekend to try and co-ordinate their next moves in the dispute. Aslef, the train drivers union, is announcing the results of its own ballot calling for a ban on overtime next Wednesday. Privatisation cannot solve the problems, Page 6

# Howe faces protests in Hong Kong

By Collins MacDougall in London and John Elliott in Hong Kong

SIR Geoffrey Howe, the Foreign Secretary, leaves today for what is expected to be a stormy three-day visit to Hong Kong to try to reassure the colony's residents about their future when it returns to Chinese sovereignty after 1997.

His visit follows the rejection yesterday by the Commons foreign affairs committee of a right of abode in the UK for Hong Kong holders of British Dependent Territory passports.

Britain's determination not to grant full passports may have been strengthened by a growing realisation in Hong Kong that almost all the colony's 5.5m ethnic Chinese could qualify for British dependent territory citizenship, not the commonly quoted figure of 3.24m.

Instead of accepting this number, the Government is expected to decide on a selective passport scheme for a relatively small number of 500,000 people.

When Sir Geoffrey arrives tomorrow he will be greeted by mass demonstrations and marches involving more than an estimated 200,000 people.

Hong Kong residents have been shocked by the Tiananmen Square massacre early in June and by the subsequent purge. They are demanding full British passports as an insurance so they can leave

Hong Kong for a new life abroad after 1997.

The 3.24m figure is the number of ethnic Chinese who qualify by naturalisation in the British Dependent Territories' Citizens (BDTC) passports, which do not give right of abode in the UK. The Hong Kong Government is demanding full British passports for these people and suggests that the UK should persuade Commonwealth and other foreign

countries to give a right of abode to another 2.2m.

However, most, if not all, of the 2.2m could become naturalised. After a seven-year qualification period this would give them BDTC passports which, if Hong Kong won its campaign, would qualify them for full British passports and right of abode.

The Commons committee report sets out proposals for the territory's future which

would do little to soothe anxieties there. On the issue of right of abode, the committee proposes only minor changes, such as greater flexibility in granting this right to privileged groups.

In the colony, the report was immediately condemned by members of the Executive and Legislative Councils.

Although the report rejects wide-scale rights of abode, it urges that an international safety-net allowing immigration after 1997 of Hong Kong people into a range of countries should be put in place. This would be activated by what Sir David Wilson, governor of Hong Kong, in his evidence to the committee, called an "Armageddon scenario" - in effect, repression by China.

It also recommends faster moves towards full democracy, greater British efforts to make clear to Peking Hong Kong's fear of having People's Liberation Army troops in the territory after 1997, and a continuing effort to see that the constitutional arrangements being set up for the post-1997 era shore up Hong Kong's autonomy.

It backs the Hong Kong Government's screening programme to help people drift in sea of hostility, Week-end, Page 1

## VIETNAM MOVE ON REFUGEES

VIETNAM is believed to have agreed informally that about 33,000 boat people in Hong Kong - who are unlikely to qualify as political refugees - should be repatriated without facing punishment.

In return Britain is expected to step up its development aid to Vietnam, writes John Elliott in Hong Kong.

This breakthrough in the boat people crisis follows talks this week involving Hong Kong and Vietnamese officials in Hanoi and a meeting in London between Sir Geoffrey Howe, Foreign Secretary, and Mr Nguyen Co Thach, Vietnamese Foreign Minister.

Sir Geoffrey is expected to return to the UK this morning during his three-day visit to Hong Kong starting tomorrow.

# Pöhl doubts need for EC bank

By David Marsh and Andrew Fisher in Frankfurt

MR KARL OTTO Pöhl, president of the West German Bundesbank, has cast doubt on whether the Bonn parliament would agree to transfer sovereignty over monetary policy abroad - a necessary step to establish a European central bank.

His remarks, in an interview with the Financial Times, showed clearly the differences among the West German authorities on monetary union.

Mr Helmut Kohl, the Chancellor, this week spoke in favour of a European central bank, modelled on the Bundesbank's independence and commitment to price stability.

Mr Pöhl believes the West German Government is underplaying the difficulties of establishing such an institution. Echoing the arguments of Mrs Margaret Thatcher, the British Prime Minister, the Bundesbank chief claimed the Government has not fully spelled out the implications of loss of monetary sovereignty.

Mr Pöhl said creation of a joint central bank was "not necessary" to move towards European monetary union. On limiting the monetary policy powers of the autonomous Bundesbank - as part of a



Mr Pöhl: central bank not a condition for union

move to create a European bank - he said: "I have considerable doubts whether there would really be a majority for this in Germany."

The Bundesbank president is trying to counter the impetus for the European central bank proposals that has been built

up in West Germany above all by Mr Hans Dietrich Genscher, the Foreign Minister.

Mr Pöhl said it would be possible to achieve monetary union without either a European central bank or a common currency. It would be necessary for member states to liberalise capital controls and fix their exchange rates permanently. He said it would take "years" for the economic convergence of the present low-inflation EC countries to spread throughout the Community.

He pointed to the difficulty of deciding where a central bank should be sited - a question of "absolute importance" - as an indication of the political problems involved in setting up such an institution.

Mr Pöhl said a joint central bank might eventually prove "useful" in a global process of European integration.

He said he did not fear a resurgence of devaluation pressure on the D-Mark. "On the contrary I would welcome it." The devaluation of the D-Mark over the past 18 months against the dollar and European currencies was not desirable, he said. Man in the news, Page 7

**MARKETS**

<b>STERLING</b> New York lunchtime: \$1.5485 London: \$1.5490 (1.5525) DM3.0275 (3.0350) FF110.2775 (10.9125) SF2.8000 (2.8050) Y235.0 (232.75) £ index 90.2 (90.5) <b>GOLD</b> New York Comex Aug \$376.3 (373.6) London: \$371.25 (376) N SEA OIL (Argus) Brent 15-day Jul \$18 1/2 (18m)	<b>DOLLAR</b> New York lunchtime: DM1.9545 FF6.8350 SF1.8780 Y143.95 London: DM1.9545 (1.9555) FF6.8350 (6.8425) SF1.8785 (1.8780) Y144.00 (143.40) £ index 71.9 (71.8) Tokyo close: Y143.95	<b>STOCK INDICES</b> FT-SE 100: 2,151.0 (-31.0) FT Ordinary: 1,784.5 (-25.1) FT-A All Share: 1,101.88 (-1.2%) FT-A long gilt yield: 8.72 (8.69) Index high coupon: 8.72 (8.69) New York lunchtime: DJ Ind. Av. 2,439.89 (-24.28) Tokyo: Nikkei 92,048.89 (-7.82)
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**Weekend FT**



**HONG KONG BOAT PEOPLE**  
John Elliott on the flight of Vietnamese who left their country for Hong Kong

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**Finance**

Philip Coggan looks at the leaders and laggards in UK equities

Page 11

**Property**

A 12-page colour supplement looking at homes in the UK, France, Spain, Gibraltar and Portugal. Plus two pages in Section II

Pages XII-XIII and Section III

**How To Spend It**

Lucia van der Post tells you how to avoid buying a completely new outfit

Page XVII

**Diversions**

Simon Hale has a close encounter with an eye-eye Madagascan's rainforest. Plus: Green Motoring and Gardening; Wine; Chess and Bridge

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**Collecting**

Antony Thomcroft looks at the Cotswold antique trade

Page X-XI

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OVERSEAS NEWS

Peking strips Zhao of last official post

CHINA'S leadership, still clearing its ranks after crushing pro-democracy demonstrations, stripped disgraced former Communist Party chief Zhao Ziyang from his last remaining post yesterday.

EC inflation rising

Inflation rates across the European Community continued to creep up last month, when average prices stood at 5.4 per cent above those a year ago.

India firm on Tamils

India yesterday set itself on a collision course with President P. V. Narayana Murthy over calling off the offensive against the rebel LTTE (Liberation of Tamil Tigers Eelam).

Gorbachev on TV

Mr Mikhail Gorbachev, the Soviet leader, will address the nation on television today, Ljvestia, the Soviet government newspaper said yesterday.

No more N-plants

The head of Soyuzgazexport, Mr Vladimir Mihalev, said yesterday in Helsinki that the Soviet Union would not build any more nuclear plants on its territory in Europe.

Eritrean peace bid

Eritrean rebels have offered to talk to the Ethiopian government without preconditions, and in the presence of independent observers, about ending their 28-year-old secessionist war.

Spain petrol price up

The Spanish government yesterday ordered a sharp rise in the price of petrol. Peter Bruce writes from Madrid.

MILITARY COUP IN KHARTOUM Frustrated army moves to oust dithering Sudanese government

By Julian Ozanne in Nairobi

THE coup which yesterday swept Prime Minister Sadiq el-Mahdi from his tenuous grasp of political power in Africa's largest state comes after months of tension between Sudan's ill-equipped and frustrated army and the country's dithering civilian politicians.

Cracked by a six-year civil war in the south which the Prime Minister appeared reluctant to solve, in a state of political instability and economic decline and increasingly isolated by Western and moderate Arab states, the Sudanese government has long seemed certain to fall.

Only 12 days ago, 14 army officers and 45 civilians were arrested for plotting a coup against the government. On the day they were freed, thousands of demonstrators gathered in Khartoum chanting "Bread, bread or the army" and "Sugar, sugar or the military".

Chemical weapons cuts agreed in Geneva

By William DuBois in Geneva

THE SOVIET Union and the US have agreed the details of a 10-year schedule for the reduction of chemical weapon stocks and production facilities and have resolved differences over how surprise inspections, to prevent cheating, can be effected.

Blacks cool on de Klerk plan

By Anthony Robinson in Johannesburg and Nicholas Woodsworth in Lusaka

SOUTH Africa's anti-apartheid organisations yesterday gave a predictably negative reaction to the ruling National Party's five-year "action plan", which may bring blacks into the government but leaves power in white hands.

Jews march in troubled West Bank

By Hugh Carnegie in Jerusalem

HUNDREDS OF Jewish settlers, escorted by soldiers, staged a march through the troubled West Bank and Arab parts of Jerusalem yesterday.

estimates and settlers in which two Arab boys have been shot dead. The Jewish fatalities in recent weeks, but no violence was reported yesterday.

reform his government, work to end the country's civil war and make fundamental changes in foreign policy. After a series of military setbacks in the conflict, including the loss of several large garrison towns to the rebel Sudan Peoples Liberation Army, the army's patience with Khartoum finally wore out.

Earlier last month, after peace talks in Addis Ababa, a date was set for the long-postponed constitutional conference, although both sides remained divided over abrogation of a defence agreement with Libya and the thorny issue of freezing sharia law.

Slump in US orders fuels recession fears

By Peter Riddell, US Editor in Washington

US INDUSTRY faces declining orders for a wide range of its products, fuelling market fears that the economic slowdown could be greater than expected. Prices on Wall Street had started to decline sharply on Wednesday after the latest drop in the index of leading indicators for 16 months.

Japan's foreign investment almost doubles

By Robert Thomson in Tokyo

JAPAN'S TRADE surplus eased in May, but the country's investments abroad almost doubled from a year earlier, according to figures published yesterday by the Ministry of Finance.

Mexico will reject banks' debt relief offer on loans

By Stephen Fidler, Euromarkets Correspondent

MEXICO has made it clear that it will reject a proposal from leading commercial banks offering debt relief on \$45bn (234.8bn) of medium and long-term bank loans.

Howe flies into a tropical storm over passports

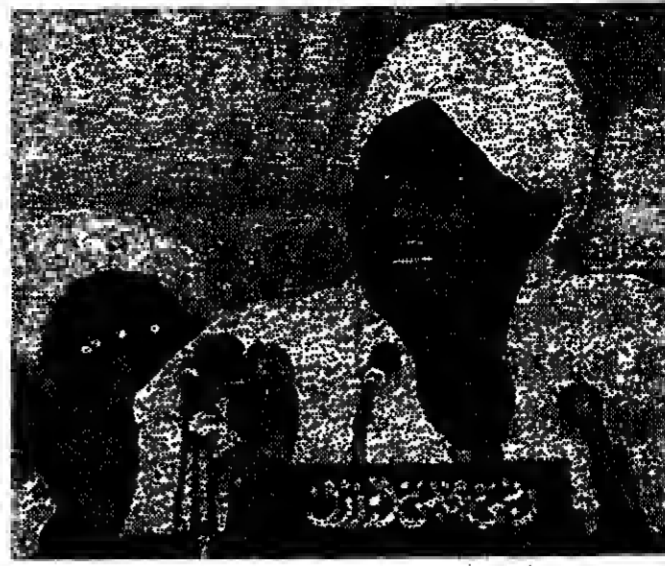
John Elliott explains the depth of anger in Hong Kong at Britain's reluctance to provide a safe haven

WHEN SIR Geoffrey Howe, the UK Foreign Secretary, arrives in Hong Kong tomorrow, he will enter a political storm and massive tide of anti-British feeling over whether up to 5.5m Hong Kong Chinese should be given full UK passports.

A sustained and uncharacteristic attack on the UK Government is being spearheaded by leaders such as Dame Lydia Dunn and Mr Allen Lee, senior members of the Executive and Legislative Councils, who for years have helped prop up the UK's colonial regime.

He has come out firmly in favour of issuing passports and presumably wants Sir Geoffrey to feel the full brunt of the local antagonism developing towards the UK government.

Other groups which Sir Geoffrey is trying to weld into a generously financed propaganda campaign include the local General Chamber of Commerce, the Executive and Legislative Councils, the London-based Hong Kong Association, the Anglo-Hong



Sadiq el-Mahdi; reluctant to deal with the civil war

between the army and the premier, followed in early March with a public attack on El-Mahdi by Egyptian President Hosni Mubarak.

Japanese women begin to matter

By Stefan Wagstyl in Tokyo

LIVING in a country dominated by men, six Japanese women have had a remarkable week. There was the television appearance of the geisha who has brought so much trouble to Mr Soudouke Ueno, the Prime Minister.

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Ms Mitsuko Nakamichi, the geisha, could hardly be ignored once she followed sales of her story to a magazine with a TV interview. She did it to get revenge on the man who had loved her, left her and then happened to become Prime Minister.

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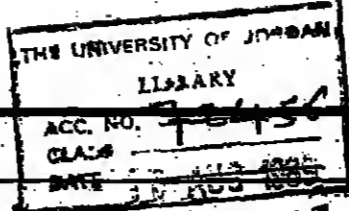
MEXICO has made it clear that it will reject a proposal from leading commercial banks offering debt relief on \$45bn (234.8bn) of medium and long-term bank loans.



Sir Geoffrey Howe; flies into Hong Kong tomorrow

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UK NEWS

Royal Ordnance reprieves Scottish propellants plant

By James Buxton, Scottish Correspondent

ROYAL ORDNANCE is granting a reprieve to its plant at Bishopclee near Glasgow, where it had intended to cease production. It now plans to make a "substantial" investment in the facility, in return for union agreement on changed working practices and cuts in the workforce.

move. The Ministry of Defence was concerned about future supplies of nitro-glycerine, of which Bishopclee is Britain's only manufacturing source. Royal Ordnance said it would now be continuing manufacture at Bishopclee "after very careful consideration."

lant manufacturer" which could compete on an international basis. It said the Scottish Office was helping the project by making funds available under its industrial aid programme. Royal Ordnance refused to say how many jobs had been saved at Bishopclee but Mr Ian Lang, Scottish Industry Minister, welcoming the announcement, said 500 would be saved. Under his plan it could be 700.

Performance plan for housing

By Hazel Duffy

LOCAL authorities will be required to publish performance indicators on the management of their housing stock as part of the Government's plans to get council tenants more involved in the running of their homes.

local authority associations. Mr Tripper also signalled that the Government would like some local authorities to take part in an experimental scheme which would devolve a large part, perhaps all, management to tenant-led organisations.

authorities managed the housing stock. Within this environment, Mr Tripper said that councils had nothing to fear and everything to gain from the new provision. Although tenants were not unhappy with their landlords, they did not want more involvement, according to a recent report from the Government-appointed committee into housing co-operatives and the scope for tenant involvement. It called for more support and encouragement for tenant groups.

Kent cider plant closure costs 100 jobs

By Lisa Wood

SHOWERING'S, the Allied-Lyons subsidiary and maker of Gaymer's Old English Cider, is to close its East Malling plant in Kent early next year with the loss of more than 100 jobs.

tuning to be produced at Attleborough, Norfolk. The East Malling plant was formerly the headquarters of Goldwell, its sister company, which in March merged with Showering's.

jobs would be created as a result of concentrating production at Shepton Mallet. Production of Goldwell brands will be transferred over the next few months. Goldwell Snowball will be made at Shepton Mallet from October, while production of parties will be absorbed by Shepton in a phased programme through to early next year.

Brittan calls for early entry into ERM

SIR LEON BRITTAN, the EC commissioner for competition policy and former Conservative Cabinet minister, yesterday urged Mrs Thatcher not to delay Britain's entry into the Exchange Rate Mechanism of the European Monetary System.

servative-controlled Association of District Councils, whose members jeered Mr Nicholas Ridley, Environment Secretary, when he rejected calls for extra funds to aid collection of the community charge, to be introduced in England and Wales next year.

servative MPs who favour early entry into the ERM. Sir Leon said: "Entry of sterling into the Exchange Rate Mechanism of the EMS should greatly increase the amount of influence Britain could expect to bring to bear."

through greater efficiency. The Government has made a capital allocation of £135m and an extra revenue provision of £110m this year. The extra revenue is to be used to pay the extra costs for the poll tax. However, the ADC says that councils will need a further £212m on capital costs and another £231m on revenue costs for items such as staffing.

Thatcherite grip pains councillors

John Hunt on why local authorities feel their power is being eroded

WHEN Lord Rippon, the former Tory Cabinet minister, opened the annual conference of the Association of District Councils in Torquay this week, he expressed the view that he was not entitled to make an opening speech in his role as president.

mean pressure for a higher level of poll tax to make up the deficit. The ADC is still pressing the Government for a more equitable formula and Mr Roy Thomson, association chairman, who is a Conservative councillor at Bournemouth, says that unless it is altered it will severely jeopardise the Government's objectives of achieving better accountability through the new system.

inflation and the money supply, would be prepared to give local authorities a free rein financially. He said: "They must inevitably seek to impose measures of financial control upon local government expenditure - it follows as night follows day."

However, Mr Peter Wright of Cambridge, leader of the Labour group on the association, called on Mr Thomson publicly to state that local authorities should be providers of services to their community, not just enablers. He demanded that the Conservatives present should "stand up for local government" against the attacks of Mrs Margaret Thatcher and Mr Nicholas Ridley, the Environment Secretary.

They face the introduction of the controversial community charge - the poll tax - which will replace rates in England and Wales next year and which has already been introduced in Scotland. They complain that although the Government has given some financial assistance a further £200m is needed to pay for the huge task of introducing and collecting the tax.

The right to buy has reduced the number of council houses available and the number has been further cut by the Government's rules restricting the amount of money that can be ploughed back into providing new homes.

They would, for instance, enter into partnerships with private developers to provide council housing, which it is now fashionable to refer to as social housing or rented accommodation. The council would identify the type of accommodation needed in particular areas and parcel together the necessary land.

Mr Thomson was optimistic that district councils would continue to flourish as the dinosaurs of the old system were replaced by the tigers and lions in the jungle of local government. This provoked one Labour member to observe that a hyena was already loose in that jungle in the shape of Mrs Thatcher's government.



Lord Rippon: made opinion known without a speech

Two held in W German blackmail inquiry

By Richard Dornick and Haig Simonian

POLICE in London were last night questioning two men arrested during an international investigation into a blackmail attempt on one of West Germany's largest food chains, which has been hit by a series of five bomb attacks.

Police were alerted when, shortly afterwards, a caller to the company headquarters in Bad Homburg near Frankfurt demanded payments of £1 500,000 (£7,874) and \$200,000 (\$161,030) through the Deutschebank in London, warning that otherwise more attacks would follow.

Two men were arrested at 11.30pm yesterday in a joint operation between West German and City of London police, assisted by squads from the Metropolitan Police. One was arrested in Eitham, south London, and the other in Banstead, Surrey. Police said both were British but one of the men was fluent in German.

He said only slight damage had occurred to the six stores in the attacks, including buildings in Munich, Nuremberg and West Germany, and Kirchheim in central West Germany. City of London police said the two men were arrested by unarmed officers "as a result of inquiries." There was no violence during the arrest and no firearms were recovered.

Stirring up the language debate

Financial Times writers on how countries teach their native tongues

A FEW choice remarks by the Prince of Wales to a group of businessmen this week about standards of English teaching in British schools were all that was required to stir up a debate that is seldom far from the surface.

English is taught so badly, the prince said, and he added that he was reduced to correcting his own staff's letters. Furthermore, he dismissed as "nonsense" the official report published last week on how English would be taught under the new national curriculum. This has been widely criticised for refusing to endorse a return to teaching traditional grammar, for encouraging teachers to foster children's native dialects and for refusing to prescribe simple reading and writing tests.

Among fellow English speakers on the other side of the Atlantic, there is no equivalent to the Queen's English. The nearest approximation is middle-class American - the cool, rather anodyne American of nationally renowned TV anchorman.

One exception is Mr Dan Rather, the CBS News anchorman, who comes from Texas. However, he was heard to exclaim on a recent presidential trip that it was about time people on television started talking English. This remark was echoing concern about the teaching of English in the US. The issue has been raised in the past, in 1985, when Mr William J. Bennett, the burly former US Education Secretary, turned it into a national debate.



Prince Charles: critical of way English is taught

illiteracy problem in the US. Some estimates say that 25m Americans - roughly one in 12 - are considered functionally illiterate. The US faces peculiar difficulties in tackling these problems, because the individual states are responsible for education. This responsibility is in turn devolved to school districts.

schools. Everybody is proud of their home town, particularly in the South. Japan, by contrast, has almost the opposite set of problems. In a country with 99 per cent literacy, the language debate is part of a larger discussion about the pace of success, rigid teaching guidelines and the need for schools to produce more creative graduates.

By Lionel Barber in Washington, Ian Davidson in Paris, Haig Simonian in Frankfurt, David Thomas in London, and Robert Thomson in Tokyo

about diminishing skills in the more formal versions of the language and about rising absenteeism. After 12 years of schooling, nine of them compulsory, and many years of extra cramming classes, Japanese secondary school graduates are literate but are they expected to take a full role in society?

Nevertheless, there is considerable concern about the level of command of French. A recent study found that 50 per cent of 11-year-olds leaving primary school have poor reading, and 20 per cent cannot read at all. The latest national statistics show that 9 per cent of the population (3.5m) have serious difficulty in either reading, speaking, writing or understanding French, while 400,000 are functionally illiterate in all four aspects.

Third reverse gilts auction oversubscribed

By Simon Holberton

THE BANK OF ENGLAND'S third reverse auction for 400m of gilt-edged stock was the third oversubscribed, the Bank said yesterday. The Bank received offers valued at nearly £1.3bn for three stocks it said it wanted to buy back.

The three stocks it targeted, the average price and yield at which they were purchased are: 8 1/2% Treasury Stock, due 1994, at 291 1/2, to yield 10.95%, £198.2m bought; 12 1/2% Exchange Stock, due 1994, at 210 1/2, to yield 10.95%, £277.9m bought; 9 1/2% Treasury Stock, due 1995, at 210 1/2, to yield 10.74%, £135.6m bought.

Airline opposes Sabena link-up

By Rachel Johnson

BRITISH MIDLAND Airways, an independent airline, is hoping to thwart the proposed financial link between British Airways, KLM of the Netherlands and Sabena of Belgium, if merged yesterday.

gian airline company. A subsidiary, Sabena World Airways, would be set up to run operations. KLM said yesterday that the fine details would be ready by the middle of July.

lines were unprepared. He has already held preliminary meetings with Commission officials. Sir Leon Brittan, the EC commissioner for competition, confirmed at the meeting that the EC would "intensely investigate" the proposed transaction. Sir Leon would have to be convinced that the deal would not concentrate too much power in the three airlines' hands, leading to a reduction in choice for the consumer, Mr Bishop said.

Toyota Derby office

TOYOTA is opening an office in Derby this weekend to coordinate preparations for the £700m, 200,000 cars-a-year assembly plant it is to build at nearby Burnaston.

Manx bank crash victims win hearing

LEAVE HAS been granted to depositors of the crashed Manx and Investment Bank on the Isle of Man to take their case directly to the Privy Council in the UK.

at the time of the crash. In the Manx Court in April, the case was struck out but depositors were granted leave to appeal.

Mr Ken Potts, representing the depositors' committee, said they would not be appealing against the Appeal Court ruling but against points of law raised in the hearing relating to negligence and duty of care.

Newgateway PLC Recommended Final Cash Offer for The Gateway Corporation PLC. Samuel Montagu & Co. Limited ("Samuel Montagu"), N M Rothschild & Sons Limited ("Rothschild"), Wasserstein Perella & Co. International Limited ("Wasserstein Perella") and Dillon, Read Limited ("Dillon Read") announce on behalf of Newgateway PLC ("Newgateway") that, by means of a formal offer document dated 1st July, 1989 (the "Offer Document") to be despatched to The Gateway Corporation PLC ("Gateway") shareholders today, Samuel Montagu, Rothschild, Wasserstein Perella and Dillon Read will make a final offer (the "Final Offer") on behalf of Newgateway to acquire Gateway shares not already owned by Newgateway. Newgateway specifically reserves the right to extend the Final Offer beyond 24th July, 1989. Terms defined in the Offer Document have the same meanings in this advertisement.

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UK NEWS

EMPLOYMENT

Union swims towards Labour mainstream

Only unilateralism separates the TGWU from Neil Kinnock, says Charles Leadbeater

AT TIMES this week's Transport and General Workers Union conference in Brighton has seemed like a reaffirmation society for semi-detached members of the labour movement.



Neil Kinnock and Ron Todd: agreeing to differ on nuclear policy issue

On issue after issue delegates came to the rostrum to pledge their loyalty to policies agreed over the years by previous biennial conferences. Some revealed in their disdain for the Labour Party's policy review.

It voted to take government money to fund postal ballots of its members, with Mr Todd warning delegates: "We should never allow ourselves to be accused of sticking to a line when the circumstances surrounding it have completely changed."

exception, rather than the rule. But why, when the union was gladly prepared to revise its policies on issues which have already ensured his victory at Labour's conference in October.

Both sides seem determined not to allow the dispute to rumble on. Mr Kinnock did not see the flames by referring to Mr Todd's speech, despite his accusation that the party policy was glaring nonsense, which would melt like an iceberg in the sun, under the scrutiny of an election campaign.

BBC rejects compromise solution to pay dispute

By John Gapper, Labour Correspondent



Michael Checkland: undermined financial difficulties

THE British Broadcasting Corporation yesterday rejected a possible compromise solution to its pay dispute with staff, and said it would have to be cut from the cost of programmes-making in Britain to finance its revised offer.

Mr Michael Checkland, the Director-General, said the cost of additions to an imposed 7 per cent pay award would amount to 9 per cent of the wage bill in consolidated payments, together with a further 2 per cent in one-off sums.

The BBC unions have not called any lightning strikes in the campaign of industrial action this week. There have been signs of some disagreement about how to proceed and whether to try to disrupt broadcasting of the Wimbledon tennis tournament.

Productivity 'up at union companies'

By Charles Leadbeater, Labour Editor

PRODUCTIVITY grew more rapidly at unionised companies than non-union companies between 1980 and 1984, according to a detailed study of productivity and unionisation in 107 British manufacturing companies, published by the London School of Economics.

Checking up on the check-outs

By Charles Leadbeater, Labour Editor

"GET A move on, the computer is keeping a check on you," a young check-out assistant working in a north London supermarket warned her colleague next door.

WH Smith and Menzies to test Eftpos system

By David Barchard

THE high street stationers WH Smith and John Menzies are to join trial runs of Eftpos UK, the national cashless shopping system, which is due to be launched in the autumn.

British developer will build £150m centre in Moscow

By Paul Cheeswright, Property Correspondent

CARROLL, the privately-owned British property and industrial group, has signed what it calls a final protocol with Moscow, the Moscow City Council, to build and run a £150m trade centre in the Soviet capital.

Hanson plan to switch off radio chat

By Raymond Snoddy

LORD HANSON, chairman of Hanson, the acquisitive conglomerate, has a good idea. When he's contemplating a new acquisition or starting to read his Financial Times at 6am, he often does it to soothing background music.

Soviet students will study sociology in Manchester

By Ian Hamilton Fazey, Northern Correspondent

A GROUP of 21 mature students from the Soviet Union will arrive tomorrow for a three-month crash course at Manchester University in modern sociology.

Docks row over pension payments

By Jimmy Burns, Labour Staff

A NEW row developed yesterday between port employers and TGWU transport union officials over the issue of pension arrangements for dockers leaving the industry after the abolition of the Dock Labour Scheme.

Pensioners' conference outlines its demands

By Eric Short, Pensions Correspondent

DEMANDS for immediate increases in the basic state pensions levels, a return to linking pensions with rises in national earnings, free public transport for pensioners and more resources for the National Health Service formed the centrepiece of the first conference organised by the newly formed ITG Pensioners' Committee held yesterday at Congress House.

Judge varies drug trafficking restraint order in favour of bank

By Raymond Hughes, Law Courts Correspondent

A BANKER'S right to combine a customer's accounts is not removed by a restraint order made in respect of those accounts under the 1986 Drug Trafficking Offences Act, a High Court judge has ruled.

Barclays Bank computer strike

By Eric Short, Pensions Correspondent

STAFF at four Barclays Bank computer centres yesterday staged a one-day strike in protest at an imposed 4 per cent pay award. Members of the BCU financial services union walked out at centres controlling cash dispensers and processing work, writes our Labour staff.

GRANVILLE SPONSORED SECURITIES table with columns for High/Low, Company, Price, Change, Yield, and P/E ratio. Includes various stock listings and company names like Anglo, BHP, and Shell.

1.6 INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Text providing contact information and details about the index service.

EDUCATIONAL advertisement for Institut de Français, describing French language courses and learning opportunities.

Judge varies drug trafficking restraint order in favour of bank

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Judge varies drug trafficking restraint order in favour of bank

By Raymond Hughes, Law Courts Correspondent

been opposed by the Crown Prosecution Service (CPS), which is to apply for confiscation of all money in the deposit accounts. The CPS argued that a restraint order under the 1986 Act covered all the money in the deposit accounts and that the bank could not combine those accounts with the overdraft account - or set-off the credit balances on deposit against the customer's indebtedness on the overdraft account.

COMPANY NOTICES advertisement for CBO, mentioning a USD 210,000,000 Guaranteed Secured Floating Rate Note.

COMPANY NOTICES advertisement for CBO, mentioning a USD 100,000,000 Guaranteed Secured Note.

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صبراً من الاعمال

UK NEWS - THE SLUMP IN THE HOUSING MARKET

Faced with rising inflation and an escalating trade deficit, the Chancellor deployed the interest rates weapon to reduce spending power  
**The taming of the house price rises moves according to plan**

MR NIGEL LAWSON, 57, is a home-owner with a mortgage and a high-profile job in Westminster. In the past year he has seen interest rates almost double and house prices stagnate.

And he is smiling.

The taming of the great house price uprising has been arguably the most successful part of the Chancellor's economic strategy of the past year. Mr Lawson raised base rates from 7 1/2 per cent last May to the current 14 per cent largely with housing in mind.

Prices rises of 30 per cent a year or more were both a signal and motor of unstably fast economic growth. The Treasury argued. They were seen as fuelling excessive consumer spending which had knock-on effects in pushing up prices and sucking in imports.

The result was higher inflation and an escalating trade deficit. The interest rate weapon was deployed deliberately to push up mortgage rates and reduce housebuyers' spending power.

So far, the housing market has responded according to plan. Prices are no

longer rising across the UK (although the year-on-year growth rate is still high) and have fallen in some regions.

Of course the Treasury could have been fortunate, seeking to turn the housing market at a time when it was beginning to cool of its own accord. With luck, the Treasury hopes, momentum will return in the near future - but with prices rising at a much flatter rate.

The Treasury's concern arose mainly from the effects of house prices on individuals' behaviour. These were twofold.

Firstly, rising house prices boosted wealth and therefore confidence - an important determinant of consumer spending. If, as some economists believe, individuals aim to accumulate some pre-determined level of wealth, rapid house price rises also meant less saving was needed to meet their target.

As prices slow, consumers should return to accumulating. There are some encouraging signs. In the first three months of this year the proportion of income saved by the personal sector stabilised at about 5 per cent, after reaching a 30-year

low of 4.5 per cent in 1988 as a whole.

The second effect was to encourage borrowing. As prices rose, so-called "equity withdrawal" accelerated as lending by banks and building societies earmarked for house purchases ended up being spent in shops.

**THE HOUSE price boom is ending.** According to a survey this week by the Royal Institution of Chartered Surveyors, more than half of the 154 English and Welsh estate agents questioned said prices were falling. The fear of yet higher

mortgage rates is adding to the uncertainty, Financial Times writers look at the implications for the economy and those most affected - including lenders, agents, housebuilders and home-owners.

Mr Gavyn Davies, chief UK economist at Goldman Sachs, estimates equity withdrawal increased by 25bn last year, boosting consumer spending by about 3 per cent.

He said: "It looks like the increase in bank and building society lending for house purchases is going to fall from 54bn in 1988 to 25bn this year and that equity withdrawal is going to fall by about

55bn. That is a big negative impact."

The Treasury also saw unpleasant side-effects from high turnover in the housing market. Moving house provides an excuse to extend borrowing and buy consumer durables such as do-it-yourself goods, furniture, carpets and curtains.

The danger Mr Lawson now faces is that of overkill. Steep, prolonged falls would have damaging effects on confidence and economic activity and, perhaps more cynically, cost the Government votes.

To date there is no evidence that this is happening - but the risks are not insignificant. The effect of house price movements are far more pronounced than, say, share price changes. A severe slowdown or even slump would wreak much more damage than the stockmarket crash of two years ago.

Central Statistical Office estimates for

1987, the latest year for which information is available, show residential buildings owned by the personal sector were worth 274bn - about half the net wealth of the sector. In contrast, holdings of UK ordinary shares were worth 120bn (although this excludes equity in life assurance and pension funds).

With hindsight, the crash had little impact on consumer spending. In part this was because it simply reversed rapid growth in share prices earlier in 1987 that had not been fully reflected in individuals' spending behaviour.

The housing market is currently following a similar pattern. The speculative froth has been removed; buyers and sellers are being more realistic.

Its slowdown has almost certainly begun to hit consumer spending. But it has not completely worked through. The track Mr Lawson will want to perform is ensuring prices remain consistent with his macro-economic goals while avoiding a full-scale rout.

Ralph Atkins

**Homelessness is symbol of failure**

THERE IS no more distressing signal of the inefficiencies of the current housing market than the rising tide of homelessness.

The squeals of the overstretched mortgagor in the south east arouse no sympathy from families caught in the bed and breakfast trap.

Shelter estimates that there are 364,000 people who are officially homeless, which means they are accepted by the local authority as being in need. The figure has doubled in the last 10 years. The number of single people, for whom local authorities do not accept responsibility, could be much higher.

The homeless problem springs from two main factors which point to the inadequacies of the market.

Government-commissioned research has shown that the homeless, in the main, are not trying to force the hands of authorities. The fault lies with the shortage of low cost homes, particularly in the rented sector.

The other is the regional disparity in supply and demand for housing. One quarter of the official homeless are in London and people continue to crowd into the south east.

These factors need to be seen in the context of the overall trend for housing costs - renting and buying - to rise in Britain. The need is to find ways to make good housing available to people on low incomes, and to make sure that houses are available in the places that people want them.

Public sector housing was the answer. The size of this sector is the unique feature of housing in Britain. In Scotland, 47 per cent of the housing

**Builders eat into profit margins to force sales**

PROFITS of some housebuilders will fall this year, but 1990 looks like being worse, according to stockmarket building analysts.

Sales of homes, according to estate agents, have halved during the first six months of this year, although housebuilders have been able to offer mortgage subsidies and other sales incentives to encourage buyers.

They have been able to do this by eating into profit margins which had risen steeply as a result of the large price increases which had occurred during the past 18 months and which are still working their way through the sales cycle.

The average price of a UK home this spring was still 25 per cent higher than 12 months earlier despite the sharp downturn in the market since the autumn.

Mr Tony Williams, building analyst for UBS Phillips & Drew, said: "Builders will not have the flexibility to carry profits forward as they did following last year's record profits."

Regional markets such as northern England, which had continued to perform strongly, are now starting to show signs of slowing down.

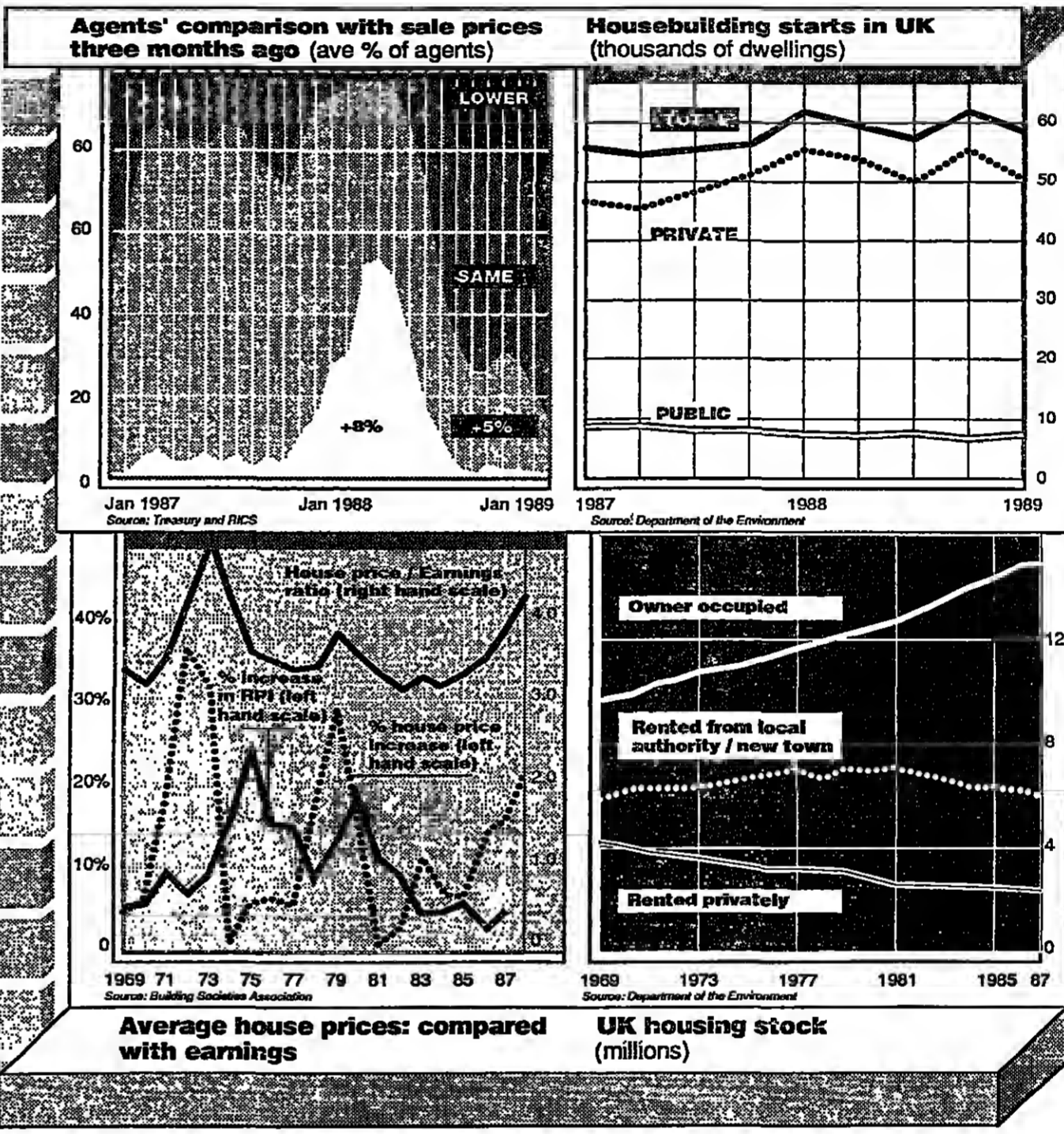
Companies will not have the facility to trim margins further.

Sir Clifford Chetwood, chairman and chief executive of Wimpey, Britain's second largest housebuilder, said: "We have cut our target for this year from 8,750 houses to 8,000 - and at the moment are ahead of our sales target."

He said companies which had not prepared for the downturn had paid too much for land and had large debts to service, would be worse affected.

Builders in the three months to the end of April started work on 26 per cent fewer homes than during the corresponding three months in 1988. Work on some sites has been halted, to allow sales to catch up.

Smaller developers, particularly in south east England, where land prices are much higher, are most at risk. One north London developer has a block of nine converted flats worth more than £1m which have been on the market for several months without a single sale being completed.



**Lenders pin hopes on recovery next year**

THE END of the house buying spree has left lenders whistling bravely in the dark.

Now that prospects of a market recovery in the autumn have faded, the lenders are straining to glimpse some light in seven or eight months' time.

"Our business volumes have dropped by around 30 to 40 per cent," says Mr Garry Marsh, head of planning and research at Halifax, the largest UK mortgage lender with a market share of around 18 per cent.

Mr Marsh believes that the market will start to level up before long. "The growth of our balance sheet will be lower," he says. "But in terms of overall performance, we should not do too badly this year, even if there are trading losses on some operations such as estate agencies."

This unruffled approach is reflected in Halifax's marketing policies. It has maintained a high television advertising budget, emphasising its newly acquired estate agency chain, while indicating that it intends to go on holding its lending rate down at 13.75 per cent for as long as possible.

While other building societies follow Halifax's lead, banks and mortgage companies have more difficult choices. For the banks the choice is between staying in a mortgage market where rates are squeezed below base rate by intense competition, or putting their funds into the more profitable wholesale markets.

"We review the situation every week, but we have no plans for a change at the moment," says Mr Gil Gillis, managing director of NatWest Home Loans, National Westminster, the largest of the four clearers, has decided to stay in the mortgage market and has raised its mortgage book from 15.5bn to 17bn since the beginning of the year.

Other clearers are reacting differently. Lloyds, which was undercutting its competitors and also claims to have increased its mortgage business this year, recently raised its rate into line with the others.

By contrast, Barclays appears to have decided that it would do better to place the mortgage market on a backburner and return when things improve.

For the mortgage companies and foreign banks which have entered the UK mortgage market in the last three years and now have a share of around 15 per cent, the reality is harsher.

They are wholly dependent on the wholesale markets for funding and so under pressure when interest rates are high.

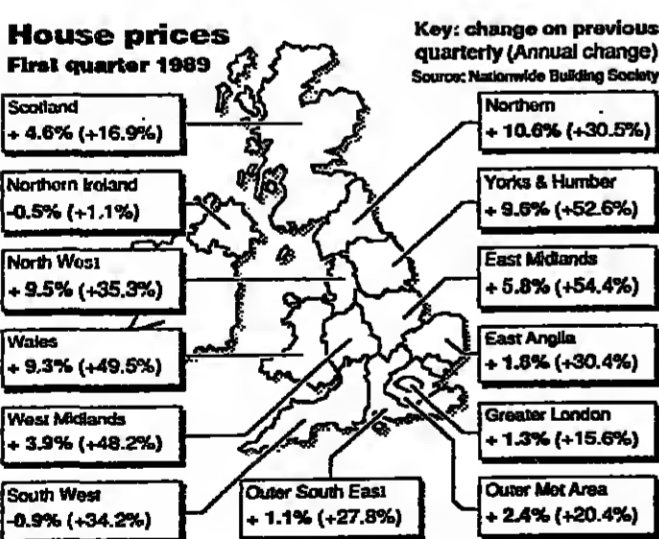
It is hard to find anyone who admits that it is a struggle to survive in a market which is likely to have shrunk from 25bn last year to around 23bn by the end of this year.

The three largest of the centralised lenders - National Home Loans, the Mortgage Corporation, and the Household Mortgage Corporation, all report mortgage business well up on 1988, though about half seems to be coming from remortgages.

Adverse market conditions have not halted the stream of foreign firms setting up in the UK mortgage market. Societe Generale of France opened its mortgage operation in April, the fifth French bank to do so.

"Who, then, is losing out?" "One does hear names," says Mr Duncan Young, chief executive, Household Mortgage Corporation. "They tend to be those non-specialists from other financial services who get into the mortgage market without the necessary professional skills in funding."

When the base rate rose to 14 per cent on May 24, the centralised lenders were able to hold their rates down. Yesterday most of them were poised to increase them to between 14.5 and 14.7 per cent.



**Hazel Duffy**

ESTATE AGENTS have been among the worst affected by the decline in the British housing market. Up to 1,000 estate agents' offices are estimated to have closed trading in the last nine months.

Large national chains - many only recently acquired by banks, building societies and insurance companies - have closed unprofitable branches, shedding hundreds of jobs in the process.

Some small, independent agents have been forced to shut under the pressure of paying rates and rents on expensive high street properties. These offices would have been bustling with eager house buyers. But since last September, when the bubble burst, 1,000 out of the 17,000 UK estate agents'

**Estate agents no longer turn an easy buck**

offices may have closed, according to Mr Trevor Kent, president of the National Association of Estate Agents.

"The growth in the industry as large financial institutions have moved into estate agency means competition has become greater," Mr Kent says. "The fall-out therefore has been higher as house sales have been halted. He reckons that 3,000 agencies were opened between 1985 and autumn 1988.

One consequence of that rapid growth in the industry has been the recent government attempts to control disreputable operators by a voluntary code of practice backed by the Office of Fair Trading.

In the new climate, a few firms are now turning away sellers who refuse to reduce prices. They say they cannot

afford taking on properties that have no chance of selling.

Most agents charge commission as a percentage of the selling price and get paid on completion. No sale means no pay.

"Overheads have to be cut when cashflow dries up: the firm's Jaguars have to be exchanged for Ford Orions," said one Leicestershire agent.

Agents have also cut the number of their mailing shots. Others have been trying to reduce photocopying costs. Some agents in southern England, according to Mr Kent, have started to bill sellers for advertising - a common practice in parts of northern England where sale prices and agents' commissions are lower.

Firms have also started to charge sellers registration fees when they take on their prop-

erties. Heywood & Sons in north Staffordshire has introduced withdrawal fees of 500-1000, to cover costs when vendors take properties off the market before a sale.

Prudential Property Services, part of the insurance group, has closed 60 small branches this year while Black Horse Agencies, part of Lloyds Bank, has closed 40 branches.

Nonetheless, the Pru has warned that its estate agency business will make a loss this year unless there is a recovery in the level of house sales.

Losses of about £10m are expected for the first half. Other large financial groups are also thought to be suffering losses from estate agencies.

Andrew Taylor

**Taking a pay cut to buy a bigger house**

MARK, a 35-year-old computer programmer living on the borders of Essex and Cambridgeshire, is planning to take a pay cut to move to Birmingham. He says he will be able to buy a bigger house, in spite of earning less money.

Married with three children, Mark earns more than £25,000 a year. Two and a half years ago he bought a three-bedroom, semi-detached house for £56,000. He wants to buy a four-bedroom house, but like many others in south-east England can find nothing he can afford.

"The salary being offered in Birmingham is £1,500 to £2,000 less than I am being paid in London, but I will be able to afford a much bigger house because property prices in the Midlands are much lower," he says. He also expects to cut his daily travel time to work by up to two hours.

The problem will be in selling his existing house. Similar homes in the area were selling easily last summer. The price approaching £125,000. The price of a nearby property, which has already been on the market for several months, has just been reduced to £96,000 with still no sign of a buyer.

**Furniture makers face uncomfortable time**

MR JOHN ASHCROFT is a beneficiary of the housing boom. He and his colleagues have all the trappings - sharp suits, the business school banner and travel in the corporate helicopter - of successful 1980s executives.

As chairman of Coloroll, one of Britain's biggest home products groups, he has seen his company's sales soar as people have lavished money on new properties.

Now the housing boom is over, however, companies like Coloroll have to come to terms with the fact that the British are no longer able or willing to spend quite so much on their homes.

So far Coloroll has emerged relatively unscathed. Yesterday Mr Ashcroft told shareholders at its annual general meeting that sales rose by about 10 per cent in the last three months. He also warned, however, that sales of DIY products have weakened in recent months and that there

was no sign of recovery.

The demand for almost every sort of item associated with the home - from furniture and furnishings to DIY products - started to slide last autumn when the Chancellor announced a swift succession of interest rate rises.

The slowdown in sales accelerated after Easter, when many people had to pay more for their mortgages. Suddenly fewer new homes needed fitting out, and people had less money to spend on furniture and fittings for old properties.

When the increase in interest rates was first mooted, the home products companies consoled themselves with the thought that the people who had decided not to move in a weak housing market would probably do up their old homes instead.

This view turned out to be over-optimistic. For the psychological blow of a weak housing market and the impact of higher interest rates on dis-

posable incomes has dealt a serious blow to consumer confidence.

One of the biggest DIY superstore groups said that people have lost the confidence to do "anything to their homes, even little jobs, which involve spending extra money or extending credit."

The downturn in demand has had an erratic effect across different regions and different product sectors. London and the south-east, where people tend to have hefty mortgages, have been the worst hit areas. Other regions have remained relatively resilient.

John Lewis, the department store chain, has experienced a sales decline across some home product sectors - such as fitted kitchens and bedroom furniture - so far in 1989. Its London stores have borne the brunt of the decline, while demand in the north and Scotland is still reasonably healthy.

The pattern of sales across different product sectors has

varied enormously. Broadly speaking the high-ticket items, like carpets and three-piece suites, have suffered most.

Mr Richard Willan, managing director of Christie Tyler, the Hillsdown subsidiary which is Britain's biggest furniture maker, said that when-



John Ashcroft: no sign of recovery in DIY market

Alice Rawsthorn

David Barchard



**FINANCIAL TIMES**

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 Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Saturday July 1 1989

**Mrs Thatcher and the Emu**

**I**ADRID this week, Mrs Thatcher proved again that she is a consummate politician. So were her European colleagues. By her ostensible reasons she conceded far more than expected, although she did not concede as much as she seems to have conceded the less, Mrs Thatcher's freedom of manoeuvre for the date for UK membership of the exchange rate mechanism of the European monetary system (EMS) remains all too intact. Full membership remains a distant prospect. While unable to prevent commitments either "progressively to achieve economic and monetary union" or to ask the competent bodies to "carry out the preparatory work for the organisation of an inter-governmental conference," she remains free to fight over the form that economic and monetary union (Emu) will take.

But the terrain for the battle is not as wide as her subsequent statements suggest. The report by the committee under Mr Jacques Delors may be no more than a basis for discussion. But Emu must mean something more than the present EMS, combined with greater co-operation among finance ministers and central banks. A barely modified version of the first stage of the programme outlined in the Delors report will not be enough.

The essential preconditions for anything that deserves to be called Emu are free trade in goods and services, free movement of capital and labour, and irrevocably fixed exchange rates (with the emphasis on "irrevocably"). The EMS programme for completing the internal market should secure the first two. The report of the Delors committee suggested how to achieve the last. But it went beyond the minimum requirements in proposing a complex institutional framework for a common monetary policy, for regulating the fiscal policies of the member states and for transfers of resources among them.

and, there is a belief that fiscal policy is a powerful tool which is not available to the EC at present and can only be given through central control over national budgets (given the minuscule relative size of the EC's own budget). Finally, there is the fear that without large fiscal transfers the poorer regions will fall ever further behind.

**Maximalist position**

So the maximalist position has weighty support. This does not mean that it must be accepted, but good reasons and, more important, allies must be found when trying to modify it. There are such reasons and the effort should be made. It is not mere pedantry to suggest that economically disturbing arrangements like the common agricultural policy, however compelling they may have been politically, have served rather to make the EC a laughing stock than to strengthen it. An equivalent disaster over Emu would have far more serious consequences.

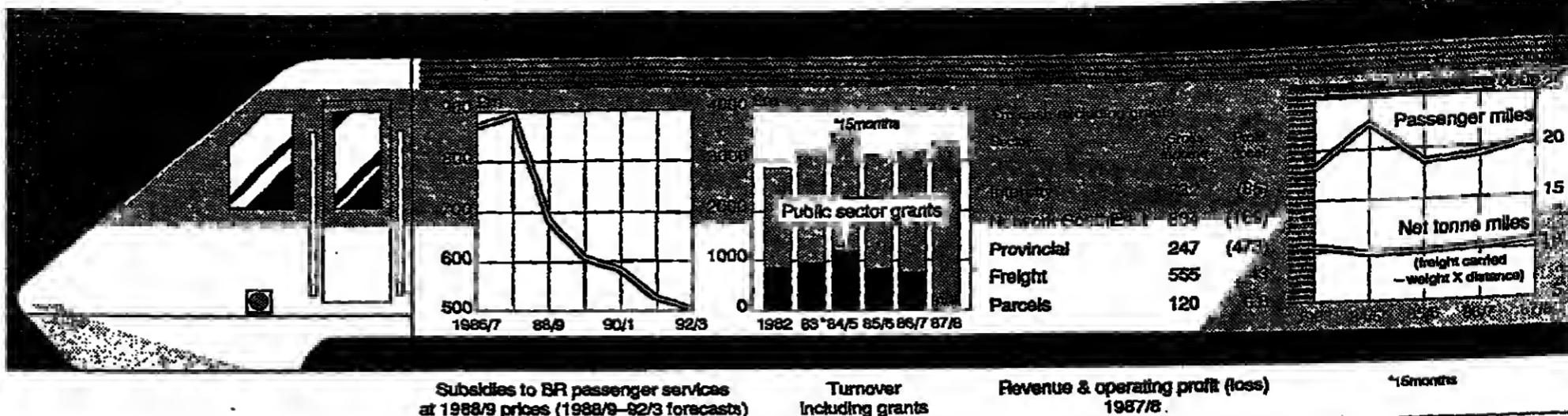
In short, the challenge for the UK is to accept the essential preconditions of Emu, while doing everything possible to ensure that both the goal and the path towards it lacks the "airy-fairness" despised by the Prime Minister. The point on which the UK must insist is that Emu is an economically risky and difficult course, which must not be rushed.

In considering the details of the system, it must be accepted that a common monetary policy will be needed, but it should be one that gives predominant weight to price stability. At the same time, coercive power over fiscal policy is unnecessary, however useful discussion of those policies may prove. Equally important, fiscal transfers among member states cannot possibly serve as a substitute for labour market flexibility, which would be still more important under Emu than now. Finally, nothing in Emu should imperil any aspect of the single market programme, especially the freedom of capital flows.

**Ambitious proposals**

Why were the proposals so ambitious? The single most important reason was that many - notably in France and Italy - were the proposed political institutions even more than they want Emu itself, seeing them as a decisive stage on the road to political integration of the European Community. But there are also economic motives. First, there is the hope that the economic policy of the EC would be less dominated by the preferences of the West Germans than has been the case within the EMS. Sec-

**FT writers examine British Rail's future in the light of the weekly strikes**



**T**hatcherism might have been born from the frustrations of commuters in the 1970s. Its language echoed from crowded trains and dismal station bars as frustrated travellers gathered to bemoan the nationalised industry and the monopoly unions which made their mornings and evenings a misery of unreliability.

Now Mrs Thatcher is again on home ground voicing the indignation of commuters at the one-day-a-week series of rail strikes. She has greeted the worsening of the dispute with a mixture of anger and characteristic eagerness for the fray. It has given her an opportunity to do what she feels she does best - present a resolute image to the electorate while seeing off a challenge to authority.

Thus in the short term the strikes are not without clear benefits for the Government. An unpopular industrial dispute provides a welcome distraction from the Tories' losses in the European elections, the divisions within the Cabinet, growing public concern over inflation, and the troubles with doctors and lawyers. There is also a perception in Downing Street that the longer the strikes continue, the greater the opportunity to use them to tarish Labour's new image of moderation.

Yet despite the short-term gains, the rail dispute raises some troubling questions for the Government. The first is the difficulty of its approach to pay. Railway workers' anger at the imposition of a 7 per cent pay award has been fuelled by higher increases elsewhere - such as last month's 9.2 per cent settlement for 76,000 workers in the electricity supply industry - after recent rises in inflation and interest rates. This has raised the price unions are asking for wide-ranging changes to working practices.

Many profitable private sector employers have been able to accommodate these pressures. But concern at the Treasury that a wage-price spiral might be gathering momentum means the public sector cannot be seen to be validating a further leap in settlement levels. Thus public sector employers may be caught in a vice between the Government's desire to improve public sector efficiency and its determination to keep down the price employers are allowed to pay for change.

**Issues privatisation cannot resolve**

**A** move against unofficial action might well not be practical. It would either involve giving unions a much stronger role in disciplining their members or taking legal action against particular individuals. Legislation against strikes in the public sector would be complex and controversial.

The third issue is the Government's approach to reform of the public sector and privatisation. As with the National Health Service, it is less comfortable talking about reform within public ownership than it is about straightforward privatisation. The Government is expected to announce at the Conservative Party conference in the autumn a final decision to go ahead with the privatisation of BR. Yet the actual sale would not be possible before 1993, particularly as the strikes have strengthened the hand of those calling for the corporation to be broken up rather than sold as a single concern.

The fourth issue is the way in which the strikes, coming after disasters at Kings Cross, Clapham and Purley, and worsening congestion in the south-east, have kept transport at the top of the political agenda. Yet the Government still seems short of a strategic response.

The essential element of the Government's escape from these dilemmas is the resolution of the rail dispute. The NUR yesterday rejected British Rail's call for talks next Wednesday and Thursday. It seems the stalemate is set to continue.

Yet, as the disputes in education and health have shown, even when the Government stumps up for a complete overhaul of pay and conditions the long-term benefits are far from certain. Schools still face staff shortages. The NHS is suffering from low morale and high staff turnover.

The Government's chances of a peaceful resolution are in any case hampered by the nature of the dispute. Delegates at this week's NUR conference in Newcastle have repeat-

edly stressed that the two issues in dispute - the imposition of the 7 per cent award and plans to change collective bargaining machinery - are inextricably linked. This may be the last chance the union has to negotiate for all its members at the same time. NUR members talk of a target rise of at least 9 per cent.

From October 31, BR wants to scrap centralised national bargaining in favour of divisional national bargaining. It wants five separate negotiating committees for operations staff (drivers, guards and signaller), telecommunication and signal engineers, civil engineers, electrical engineers, and services staff at headquarters. The system of local negotiating committees, denounced by a recent Monopolies and Mergers Commission report, would be scrapped.

BR says decentralised, direct bargaining between managers and shop stewards would be more efficient because it would allow local problems to be solved at local level rather than being passed up to a series of area, regional and national committees. The union, with a structure based on national arrangements, is fearful of having its power diluted.

Mr Jimmy Knapp, NUR general secretary says: "It would mean a pay, depot pay and individual pay. There would be a leapfrogging of pay and conditions downwards. Over the longer term, BR is intending to make operating profits of £900m over the next five years, while investing £2.5bn in new equipment and borrowing just £306m. Much of the financing gap will be made up by exploiting BR's huge land bank, which will be contributing nearly £100m a year in rental income by 1992, on top of sales forecast at nearly £750m. The most important figure, however, is the public service operating grant - the passenger subsidy - which is falling rapidly from nearly £1.1bn in 1983 to around £600m this year, and is forecast to fall to £277m by 1992 (all at current prices). The present dispute may affect the industrial relations terms for privatisation but will not delay it. The Transport Department is considering four options: Selling BR as a single going concern would be the most commercially attractive solution from the Government's point of view, but is probably politically unacceptable in the light of other newly created private monopolies. Setting up a track authority to own the railway infrastructure and rent track time to competing operating companies might encourage new operators, but competition would probably be marginal. Breaking up the corporation into a small number of regionally based, vertically integrated companies gets the emotional vote, but would militate against international services and provide little head-to-head competition. Selling BR's five existing business sectors separately would be favoured by some managers, but would be dauntingly complex. The latest whisper from Whitehall is that Mr Paul Channon, the Transport Secretary, has been impressed by a new BR proposal that the corporation should become a holding company with five virtually independent subsidiaries. That would have the advantages of maximising the sale value of BR while providing both an integrated national network and an element of competition. It would require separate industrial relations machinery for each of the five sectors, in addition to the separate bargaining units for different grades of staff. Whatever solution the Government chooses, it cannot solve its rail problems at a stroke. Neither privatisation nor local bargaining is a guarantee of industrial peace. British Telecom, privatised in 1984, is still struggling to break away from the formal, centralised industrial relations machinery it inherited from the public sector. It took the corporation five years to negotiate an agreement on flexible working which was introduced in 1987 after a two-week strike. In the coal industry the National Union of Mineworkers has virtually been decertified from national collective bargaining since the 1984-85 strike. But greater local productivity bargaining has led to a steady stream of minor, unofficial disputes. Even if the Government resolves its short-term uncertainty about the path to follow, it cannot count on delivering lasting solutions to its commuting commitments. By the 1990s the grimbles of 1970s commuters may have been translated into government policy, but there is no guarantee that the trains and station bars will not still echo to the sound of dissatisfaction.

**By Charles Leadbeater, Kevin Brown, Philip Stephens and Fiona Thompson**

**Tim Coone reports on the ramifications of Cuba's drugs scandal**  
**A blow to the revolution's soul**

**T**he drugs scandal that is rocking the Cuban government and Communist Party is more than the show trial of a former courier who made a pact with the infamous Medellin cocaine cartel of Colombia. It suggests that some important changes may be taking place in Cuba, and may also be about to take place in Central America.

Gen Arnaldo Ochoa Sanchez, number three in Cuba's hierarchy after President Fidel Castro and his brother Raul, the Defence Minister and armed forces chief, has shocked his country's revolutionary establishment. He was found guilty this week by a military tribunal of 47 Cuban generals of accepting \$2m over a period of two and a half years for assisting in the smuggling of six tonnes of cocaine into the US.

With him have been arrested some six other senior officers from the armed forces and Interior Ministry. The Interior Minister himself, Gen Jose Abrantes was obliged to resign on Thursday. For Cuban society, in which the armed forces and Interior Ministry have symbolised revolutionary purity and dedication, this fall from grace is like a blow to the very soul of the revolution.

It is not the first scandal to hit the government. But President Castro has always been a clever politician. Whether the scandals were economic and planning failures, cases of bribery and corruption, or military desertion, the Cuban leader until now has been able to lay the blame for the revolution's shortcomings on individuals rather than on the revolution itself - and thereby head off political reform. If Gen Ochoa gets the death penalty, as requested by the military, the severity probably has as much to do with the spreading problem of drug abuse in Cuba as with the now publicly-acknowledged drug trafficking to the US.



General Arnaldo Ochoa: tried on television too

through its traditional conduit, the Bahamas. It is not inconceivable that President Castro might have turned a blind eye as long as Cuba itself was not affected, in order to weaken his arch enemy, the US. But now there are many reasons for wanting a show trial and exemplary punishment of Gen Ochoa.

Severe economic problems are undermining the authority of the Cuban regime, which is now concerned to improve relations with the US. Furthermore Cuba, a member of Comecon, is looking more isolated than ever in the Gorbachev era. It is under great pressure from the Soviet Union to adopt political and economic reforms along the lines of glasnost and perestroika. President Castro has implacably resisted this pressure, choosing to clean up the bureaucracy rather than reform it.

This, however, is the most far-reaching purge since the 1959 revolution. Scandal has never reached so high in the system. And like the Iran-Contra affair in the US, a serious doubt exists as to whether the chief executive was as entirely ignorant of the goings-on of his

subordinates. Officially there is no drugs problem in Cuba. Segments of Cuban society nevertheless do have access to cocaine and marijuana. The problem has broadened beyond artists and bohemians to include youth, blacks and now, it seems, the armed forces.

But the unresolved mystery of the Ochoa case lies in his motivation. As a decorated hero of the revolution, the former commander of Cuba's troops in Angola and Ethiopia, he had reached the peak of his career. He was part of the revolutionary elite, with access to privileges denied the average Cuban. Would the risk of losing these be worth a share in \$2m, which he could not in any case spend in Cuba without arousing suspicion?

The answer may prove to be more complex than a simple desire to secure a nest egg for exile and retirement. Some observers of Cuba's closed ruling group believe that Gen Ochoa might have had his own political ambitions, for which he was amassing a war chest. There could be wider implications. In recent weeks President Castro was reportedly approached by the US to mediate in the long-running Panama

crisis, precipitated last year when US authorities accused Panama's military strongman Gen Manuel Antonio Noriega of drug trafficking. If there was a drug connection between the Panamanian and Cuban military, then Gen Ochoa's arrest would be a logical first step to break it. President Castro's best bet to ensure Gen Noriega's withdrawal from power may, some analysts now believe, be being traded for an easing of US sanctions against Cuba.

In Nicaragua too there seems to be a connection. Cuba and Nicaragua are the only countries in Latin America that continue to express support for Gen Noriega. During this week's trial, Col Antonio de la Guardia, also accused of trafficking, stated that Gen Ochoa, by his own admission, had drugs "connections" in Nicaragua. Gen Ochoa was for two years the chief of the Cuban team of military advisers to Nicaragua. For years the US has fired drugs accusations at both countries. But these have been largely ignored as rhetorical petards in the intense anti-communist crusade Washington has been waging against Havana and Managua.

The Ochoa scandal will revive these accusations and put pressure on the ruling Sandinistas in Nicaragua to make their own investigations public. The defections last week to Costa Rica of a senior Nicaraguan officer, Lt Col Douglas Zuniga, together with his brother, an army lieutenant, have set off speculation that they might be linked to the Ochoa affair.

In the past two weeks Nicaraguan military patrols have been stepped up along the Costa Rican border and restrictions have been tightened on light aircraft flying near that frontier - a share in \$2m, which he could not in any case spend in Cuba without arousing suspicion?

If the Sandinistas have their own house-cleaning to do, now would be a good time, allowing them to treat it as an adjunct to the more sensational Ochoa affair - rather than in six months time when they will be in the middle of a difficult election campaign and under the international spotlight.

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MAN IN THE NEWS

Karl Otto Pöhl Sceptical champion of EC monetary integration

By David Marsh and Andrew Fisher



Mr Karl Otto Pöhl, president of the Bundesbank, has, unlike Mrs Margaret Thatcher, no difficulty in establishing his credentials as a supporter of European monetary integration.

maintaining price stability. He also thinks this condition will be insisted on by the West German electorate and parliament.

Despite some brushes between the two men in 1987-88, he praises as constructive his 6 1/2 years of co-operation with Mr Gerhard Stoltenberg, the former Christian Democrat Finance Minister, who left office in April to take over as Defence Minister.

breakdown of fixed exchange rates in 1971-73 has taught him to distinguish between the desirable and the attainable in world monetary affairs. It has also given him a fine understanding of power-play.

on such a treaty would be the worst possible outcome. It would bring a great setback to the whole process, because then such a thing would not be discussed again for several years.

Making money in a pink tutu

David Churchill explains why the London Hippodrome nightclub sold for £7m this week

At two o'clock in the morning on Tuesday, two sober-suited businessmen were served a bottle of Dom Perignon 1980 - at \$53 a bottle - by a blonde waitress in a pink tutu at London's Stringfellow's nightclub.

on cash in hand - a fact that has attracted criminals and tarnished the business's image. "This problem has in the past tended to obscure the fact that nightclub operators are a prime income-generating business with a low capital cost," says Mr Ward.

Perhaps the biggest problem facing the new breed of nightclub operators is keeping tight control of a business which involves the nocturnal mingling of large numbers of customers, cash, and drink.

LETTERS

Just testing

From Mr Oliver Stanley. Sir, I criticise (FT April 29) the Finance Bill 1988 for its inexplicable attack on private investment companies. A week or so later the Government withdrew the proposed legislation, announcing that "there had been some misunderstandings of the effect of the provisions" and that "this approach has its own difficulties."

Life insurers' commission war continues

From Sir Richard Powell. Sir, it seems to have escaped notice that independent financial advisers, as well as providing customers with impartial advice on the best buy for their particular purposes, also provide outlets for business for life offices which do not have their own direct sales forces or appointed representatives.

Museum charges

From Mr G.E. Nicholas. Sir, FT writers discussing museums and galleries seem to omit the obvious arguments in favour of entrance charges.

Phones in a free market

From Mr Gordon Aspin. Sir, even after 10 years of Thatcherism the mobile communications industry has yet to learn the free market lesson (June 19).

ADVERTISEMENT BUILDING SOCIETY INVESTMENT TERMS

Table with columns: Product, Applied rate, Net CAR, Interest paid, Maturity, Access and other details. Lists various investment products from Abbey National, Alliance and Leicester, Barclay's, etc.

Tropical timber imports could be surcharged

From Mr Geoffrey Playdell. Sir, Lucia van der Post (Weekend FT, June 17) makes statements about the tropical timber business which need to be corrected. Britain is not a major contributor to the destruction of the rain forests.

Pray tell me, sir, whose dog are you?

From Mr R. Adler. Sir, it seems indisputable that the existing arrangements for dog ownership and control are inadequate.

whose dog are you?

may cause, so existing and prospective dog owners could be made to consider seriously whether they really want a dog and if so, what kind of dog.

played back into improving tropical forest management

From Mr Geoffrey Playdell. Sir, the Timber Trade Federation, 26-27 Abchurch Lane, London EC4A 3DF, is a trade association in the European Community.



UK COMPANY NEWS

Gateway bid in balance as US offer rises to £2.15bn

WASSERSTEIN PERELLA, the US corporate finance boutique, has made a great Atlantic and Pacific Company, the US food retailer, yesterday raised the bid for the sixth - and last - in the hotly-fought battle for control of Gateway.

Exceptional charge takes toll on Berisford

BERISFORD International, the sugar processing, commodities and property group, yesterday announced a 23 per cent fall in its share price to 236.4m for the six months to March 31.

Restructure for Pentland valued at £329m

PENTLAND INDUSTRIES, the consumer products group most famous for its 32 per cent stake in the Reebok sports shoe company, is to reorganise by an unusual means of a recommended reverse takeover by a small investment trust.

CWF reverses into A&M

MR ANDREW GREYSTOKE's City and Westminster Financial is obtaining a USM quote via the reverse takeover of A&M, the loss-making company which rents furniture and lorries to the film business.

Reed Executive drops 14% to £9.05m

REED EXECUTIVE, the employment agency, yesterday announced that profits had slipped by 14 per cent from £10.54m to £9.05m for the six months to March 31.

Puff ran out when Reebok hit the wall

EVEN in the stormy world of the stock market, where companies' fortunes wax and wane with alarming regularity, the story of Pentland Industries is startlingly most.

Dividends Announced

Table with columns: Company, Current payment, Date of payment, Corres. dividend, Total for year, Total last year.

London Recent Issues

Table with columns: Issue, Amount, Latest price, 1989 High/Low, Stock, Dividend, etc.

Rights Offers

Table with columns: Issue, Amount, Latest price, 1989 High/Low, Stock, Dividend, etc.

Fixed Interest Stocks

Table with columns: Issue, Amount, Latest price, 1989 High/Low, Stock, Dividend, etc.

Traditional Options

Table with columns: First Dealings, Last Dealings, Last Declaration, For Settlement, For rate indications, London Share Service.

Restructure costs hit I&S profit

IVORY & SIME, the Edinburgh-based fund management company, reported lower turnover and reduced profits for the year to April 30 1989.

US buy for ASH worth \$105m

AUTOMATED SECURITY (Holdings) yesterday ended its 10-year search for a big acquisition in the US, buying API Alarm Systems, a Californian central station alarm business, for \$105m (86m) in cash.

Greene King on target at near £20m

GREENE KING, the Abbot ale brewer in which Elders IX, the Australian group has a 13 per cent stake, yesterday announced pre-tax profits of £19.2m for the year to April 30 1989, an increase of 21 per cent.

Gold Fields and Hanson talks continue

IN the wake of the Hanson bid, however, the scheme has become something of a side-show, although around 200 people turned up to Governor House Hotel in London's Park Lane to hear Mr Agnew stress that if the company remains independent the board is fully committed to the pursuit of the target regardless of the shareholder vote.

DTI to investigate affairs at Milford Docks

THE Department of Trade and Industry yesterday announced an inspector to investigate Milford Docks Company, the Welsh harbour operator which has been owned since 1987 by Seacorn Holdings, a shipping group based in London's docks.

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Handwritten notes and stamps in the top right corner.

FINANCIAL TIMES SATURDAY JULY 1 1989

BANK RETURN

Table showing banking department performance with columns for liabilities, assets, and issue department.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange data with columns for series, volume, and price.

Table of base lending rates for various banks and currencies.

BASE LENDING RATES

Table of base lending rates for various banks and currencies.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table of FT-Actuaries Share Indices with columns for equity groups, sub-sections, and share indices.

FIXED INTEREST

Table of fixed interest rates and yields for various instruments.

ECONOMIC DIARY

Textual summary of economic events including European Community meetings and international relations.

Advertisement for Nationwide Anglia £300,000,000 Floating Rate Notes Due 1996.

EXTRACT FROM THE CHAIRMAN'S STATEMENT

Chairman's statement text discussing trading conditions and company performance.

Textual continuation of the chairman's statement.

Textual continuation of the chairman's statement.

Textual continuation of the chairman's statement.

PRELIMINARY STATEMENT OF THE CONSOLIDATED UNAUDITED RESULTS FOR THE YEAR ENDED 5th MAY 1989

Table of consolidated financial results for the year ended 5th May 1989.

Notes and additional information regarding the financial results.

SMITH NEW COURT PLC

Company details for Smith New Court PLC, including London office address.

RETAILING

Advertisement for The Financial Times proposing a survey on retailing.

Survey date: 12th September 1989

Contact information for Jonathan Wallis.

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PAN HOLDING SA LUXEMBOURG

Notice regarding Pan Holding SA Luxembourg.

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AVESCO plc

Company details for AVESCO plc.

Notice to holders of bearer share warrants.

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INTERNATIONAL COMPANIES AND FINANCE

Shell, Elf and Agip buy \$2bn Nigerian oil stakes

By Mr Wilkinson in London and Paul Betts in Paris
ROYAL DUTCH/SHELL and two other international oil companies have agreed about \$2bn of Nigerian oil stakes...

Time chiefs re-elected to fight off Paramount

By Frederick Oram in New York

THE THREE top executives of Time Inc were re-elected to the media group's board at yesterday's annual meeting...

Fiat holders approve buy-back

By John Wyles in Turin

SHAREHOLDERS in Italy's Fiat Group yesterday approved a management plan to spend 1,000bn (\$70m) on buying in the company's shares...

"If and insofar that it is advantageous for the company through sales on Italian and international markets...



Gianni Agnelli: an act of faith in oneself

1,800bn, and a further 1,500bn will come from the consolidation of financial services businesses...

Record A\$1bn profits at BHP

By Our Financial Staff

BROKEN HILL Proprietary, Australia's largest resources company, reported record net profits of A\$1.01bn (US\$730m) for the year to the end of May...

Minerals was the surprise, overcoming industrial and production problems at the Mount Newman iron mine...

dollars, but 53 per cent of BHP's sales are also denominated in, or linked to, US dollars...

Gardini seeks state assurances

By John Wyles

MR RAUL GARDINI, president of Italy's Ferruzzi group, last night sought confirmation that the Italian Government would not try to alter the record establishing the Enimont agreement...

to Rome in the afternoon for a meeting with the caretaker Prime Minister, Mr Ciriaco De Mita and his deputy, Mr Gianni De Michelis...

whether it should be altered to guarantee that Eni will remain on equal shareholding terms with Montedison in Enimont...

Court move reduces LIN bid defence

By Roderick Oram

LIN Broadcasting has lost an important court battle, making it more vulnerable to the \$5.5bn takeover offer from McCaw Cellular Communications...

L.F. Rothschild Holdings files for protection

By Our Financial Staff

L.F. ROTHSCHILD Holdings, the Wall Street securities firm taken over last year by Franklin Savings Association, has filed a petition for reorganisation under Chapter 11 of the federal bankruptcy code...

Bond appeals against TV tribunal's ruling

By Our Financial Staff

MR ALAN BOND, one of Australia's best known businessmen, has appealed against the Australian Broadcasting Tribunal's ruling that he is not fit to hold radio and television broadcast licences...

Federal Court has been asked to set aside the decision. The tribunal's ruling was made public on Monday. It has not yet decided on any penalties...

Strong start for Tokyo futures market

By John Wyles

THE TOKYO International Financial Futures Exchange (IFFE) got away to a strong start yesterday with what traders described as healthy participation by major banks...

contract, where turnover priced 31,440 contracts or \$31.44 billion...

Chicago SOYBEANS 5,000 bu metric cents/600 bushel
Jul 75.00 75.00 75.00 75.00

WORLD COMMODITIES PRICES

Table with columns: WEERLY PRICE CHANGES, COCA Cola, SPOT BARRELS, SOYBEANS, RUBBER, COPPER, etc.

Table with columns: LONDON METAL EXCHANGE, POTASSIUM Chloride, SOYBEAN MEAL, COCA Cola, RUBBER, COPPER, etc.

Table with columns: US MARKETS, GOLD FUTURES, COPPER, COCA Cola, RUBBER, COPPER, etc.

Table with columns: Chicago SOYBEANS, SOYBEAN MEAL, COCA Cola, RUBBER, COPPER, etc.



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling and yen lose ground

STERLING FINISHED the week trading around its lowest level this year. The absence of any response by the UK Treasury to Thursday's co-ordinated rise in European interest rates has left the pound vulnerable. Underlying support generated earlier in the week on better than expected May trade figures has all but gone, and the pound will need to draw renewed support from economic data this week, if it is not to test key support at DM3.00 against the D-Mark and 90.0 on its exchange rate index. The latter closed yesterday at 90.2, down from 90.3 at the opening and 90.5 on Thursday. The pound closed at DM3.0275 from DM3.0350 and £1.5450 compared with £1.5525. It was firmer against the yen at ¥223.00 from ¥222.75, but lost ground elsewhere to SF2.6000 from SF2.6050 and FF10.2775 compared with FF10.2525.

tively low as traders wound down their operations on the approach of the month, quarter and half-year end. Closure of all US centres on Tuesday for Independence Day added to the mood of lethargy. The yen remained weak, losing ground against the dollar while the latter was gently easing elsewhere. This pushed the yen sharply lower against the D-Mark, the latter broke through ¥73.50 and rose to ¥73.67, up from ¥73.41 on Thursday. Investors continue to show their concern over the continued political instability in Japan.

The dollar finished above the day's lows but was still weaker on the day. The US unit reacted in thin trading to unconfirmed rumours that some central banks were selling dollars but it still managed to close above its worst. News of a 2.5 per cent decline in May factory orders was seen as a further indication that US economic growth is slowing. The fall was considerably more than the market had expected, and was the sharpest decline for ten months. This has added weight to recent suggestions that the Federal authorities will move to lower interest rates and reduce the risk of the economy slowing too much. The dollar closed at DM1.9545 from DM1.9555 and SF1.6785 against SF1.6790. On Bank of England figures, the dollar's exchange rate index was 71.9 against 71.8 on Thursday. The D-Mark was a little lower against the French franc, finishing at FF73.9500 from FF73.9970. News that major French banks increased their lending rates appeared to have little effect, and most traders expect the D-Mark to maintain a firm trend against the franc.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns for Date, Bid, Ask, and Forward rates for various currencies (GBP, CHF, FRF, JPY, DEM) against the Dollar.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns for Date, Bid, Ask, and Forward rates for various currencies (USD, CHF, FRF, JPY, DEM) against the Pound.

EUROPEAN CURRENCY UNIT RATES

Table showing ECU rates for various countries (Belgium, France, Germany, etc.) and their percentage change.

EURO CURRENCY INTEREST RATES

Table showing interest rates for various currencies (Sterling, D-Mark, etc.) and their percentage change.

EXCHANGE CROSS RATES

Table showing cross rates between various currencies (USD, GBP, CHF, etc.).

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies and terms.

MONEY RATES

Table showing money rates for various currencies and terms.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

LIFFE LIKELY FUTURES

Table showing LIFFE likely futures prices for various commodities.

LIFFE US TREASURY BOND FUTURES

Table showing LIFFE US Treasury Bond futures prices.

LIFFE LIKELY SPREADS

Table showing LIFFE likely spreads for various futures contracts.

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MONTHLY AVERAGES OF STOCK INDICES

Table showing monthly averages of stock indices for Financial Times, FT-SE 100, and other indices.

COMPANY NOTICE

FIDELITY FAR EAST FUND Société d'Investissement à Capital Variable Luxembourg, 5 Boulevard de la Foire R.C. Luxembourg B 16.926

LEGAL NOTICES

NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice on 27th May 1989 for the confirmation of the cancellation of the Share Premium Account of the above-named Company.

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GBP 210,000,000 Guaranteed Secured Floating Rate Notes due 2000

In accordance with the terms and conditions of the Guaranteed Secured Notes, notice is hereby given that for the 6 months period from June 29, 1989 to December 29, 1989, the Guaranteed Secured Notes will carry an interest of 9.375% per annum (margin included).

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صكمان الامل

WORLD STOCK MARKETS

Japan's weakness and the dollar's strength exert influence over funds

IT HAS been a good first half year for Australian industrial stocks and Norwegian financials. Interesting, but hardly significant in terms of global performance...

gests that net investment funds flowed the other way. Certainly, there was a significant net flow into Japan and out of the US by UK pension funds in the final quarter of 1988.

Adrian FitzGerald examines what the world's portfolio managers have been doing with their money this year

formed well this year, particularly in relation to international benchmarks. WM Company figures show that UK-based pension funds are well underweight in Japan and in line with the FT-A benchmark in the US. The difference is mainly made up in Continental Europe where the pension funds hold substantially overweight positions.

tal Europe where the pension funds hold substantially overweight positions. This typical portfolio mix should have produced better than benchmark returns, given the broad market and currency factors at work in the first half.

Leaving aside currency factors and concentrating on local currency performances, it is clear that the upward trend experienced worldwide in 1988 has continued into 1989. All markets made further progress in the first half, with the exception of Hong Kong.

In Europe, the UK has to find another 4.5 per cent, while Switzerland has 20.2 per cent

to make up - a very different performance from local Swiss indices which include securities available only to domestic investors and which have risen much faster. Leading performance rankings this year are Mexico (76.2 per cent), Norway (61.4 per cent) and Austria (37.7 per cent).

Logging even deeper into local currency performance, the divergence in sector performance within leading markets suggests that international portfolios may well be displaying a high degree of variation even after differences in market distribution are taken into account.

In Japan, for example, the Financials have fallen by 4.1 per cent so far this year, while

UK PENSION FUND OVERSEAS DISTRIBUTION (END 1988) Table with columns: WM Universe (%), FT-A World ex UK (%), 1988 Net Investment (£m)

the Capital Goods sector has gained 20.9 per cent. Any investor avoiding the Financials should have been able to pick up over 2 percentage points in that market, bearing in mind that the Financials comprised 34 per cent of the Japanese market at the end of 1988.

In the US, however, sector performances show the reverse pattern. The Financials have performed best, followed by the World ex UK, expressed in sterling terms, gained 18.2 per cent. The US was the best of the major overseas markets, a good performance combining with currency benefits to give a starting gain of 35.5 per cent.

compared with a domestic market gain of 17.4 per cent. And what about Japanese investors? Surely they must now be looking enviously at the potential outside their domestic markets? The World ex Japan provided a gain of 26.9 per cent in yen terms compared with the local market gain of only 3.7 per cent.

But investors who assume that this underperformance in Japan must have brought benchmark weights more into line with their actual portfolios would be deceiving themselves. Japan still forms 41.3 per cent of the FT-A World Indices universe, down from 43.8 per cent at the start of the year. The US has clawed its way back to 33.2 per cent from a start level of 29.5 per cent.

If the rest of the world moves broadly in line, it would, in fact, take a further underperformance of approximately 20 per cent for Japan and the US to reach a comparable size again.

What do UK or US-based investors do now? Move to overseas benchmark weights and lock in the out-performance achieved in the first half? Or stick with an active decision to deviate from the benchmark?

Current evidence suggests that they are doing the latter. The WM sample shows that the UK pension funds are putting their big bets on Continental Europe in spite of being heavily overweight already.

If Japan continues to underperform and, better still, if Continental Europe outperforms in the second half, it will be the first time since 1983 that their international assets have outperformed the benchmark.

The author is Director of Quantitative Research at County NatWest WoodMac.

AMERICA

Programme trading knocks Dow

Wall Street

FUTURES-RELATED programme trading, along with intermittent bouts of institutional profit-taking, sent Wall Street into ragged retreat yesterday morning in spite of further big gains in the bond market, writes Anneke Kalkers in New York.

rounds of programme trades, as well as selective profit-taking by long-term investors. The market fell a further 20 points by mid-morning, but found buying support around the 2,420 level on the Dow.

What most agreed on was that the market had fallen through a key technical support level at 2,480 on the Dow on Thursday which had set off heavy stop-loss selling in the Chicago futures markets.

334. MCI was an even bigger loser, leading the Nasdaq list in terms of volume and falling by 1.3% to \$35. Among the special situations, Paramount Communications fell by 1% while Warner and Time were little changed.

ASIA PACIFIC

Investors adopt wait-and-see stance

Tokyo

POLITICAL uncertainty in the face of a forthcoming election induced a wait-and-see mood in investors, causing the Tokyo market to ease in light trading yesterday, writes Yuriko Miya in Tokyo.

With the Tokyo Metropolitan Assembly election coming up tomorrow, many investors elected to stay on the sidelines, but did so only after liquidating their positions. According to one analyst, the election results should not affect the market significantly.

After being neglected in morning trading, large-capital issues Toshiba, Nippon Steel and Kawasaki Steel picked up interest and were the first three most actively traded issues. Brokerage firms were encouraging purchases of these issues in anticipation of future strength.

The Straits Times industrial index fell 7.62 to 1,307.47, taking its weekly rise to 1.3 per cent. In active turnover, boosted by several block deals, of 177m shares.

EUROPE

Falls prove widespread but limited

STEEP losses on Wall Street depressed share prices in Europe although most bourses showed resilience, writes Der Markets Staff.

PARIS finished mixed, with Wall Street's sharp losses on Thursday and in early trading yesterday depressing prices, while technical buying before the expiry of the CAC 40 futures contract provided some support.

stake-building, possibly to persuade the group to give him a greater holding in the television company TFI, in which Bouygues has a majority.

last Friday's close. Volume was restrained at Ft 750m. KLM was down Ft 1.10 at Ft 49.50. The airline said it had finalised a purchase of a 40 per cent stake in Transavia, the charter airline wholly owned by Nedlloyd, in order to force the hand of the European Commission, which must rule on the deal.

MADRID closed lower, ending little changed over the week, as losses in New York and Tokyo and worries about higher interest rates kept trading subdued. The general index shed 2.36 to 309.68.

BRUSSELS remained depressed, with the cash market index down 12.75 at 6,093.25, virtually unchanged over the week.

OVERNIGHT losses on Wall Street discouraged Asia Pacific markets, which mostly closed lower.

SEUL fell for a ninth consecutive session amid political uncertainty, with the composite index losing 10 to 854.61.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: NATIONAL AND REGIONAL MARKETS, THURSDAY JUNE 29 1989, WEDNESDAY JUNE 28 1989, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordic, Pacific Basin, Euro Pacific, North America, Europe Ex-UK, Pacific Ex-UK, World Ex-UK, World Ex-UK, World Ex-UK, World Ex-UK.

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LONDON STOCK EXCHANGE Dealings

Details of business done show below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Corporation and County Stocks

London County Council 1989-90... London County Council 1990-91... London County Council 1991-92...

Breweries and Distilleries

Alfred Watson PLC 1989-90... Alfred Watson PLC 1990-91... Alfred Watson PLC 1991-92...

UK Public Bonds

10% 1989-90... 10% 1990-91... 10% 1991-92... 10% 1992-93...

Commonwealth Government

10% 1989-90... 10% 1990-91... 10% 1991-92... 10% 1992-93...

Foreign Stocks, Bonds, etc.

10% 1989-90... 10% 1990-91... 10% 1991-92... 10% 1992-93...

Barco Group PLC 1989-90... Barco Group PLC 1990-91... Barco Group PLC 1991-92...

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FINANCIAL TIMES SARAH PAKENHAM WALSH on 01-873 3000 or write to her at Number One Southwark Bridge London SE1 9HL

FINANCIAL TIMES BUSINESS LEADERSHIP IN THE COMMUNITY 14th July, 1989 For a full editorial synopsis and advertisement details, please contact: Rachel Fiddimore on 01-873 4152 or write to her at: Number One, Southwark Bridge London SE1 9HL

FINANCIAL TIMES The Financial Times proposes to publish a Survey on the above on 14th July, 1989 For a full editorial synopsis and advertisement details, please contact: Rachel Fiddimore on 01-873 4152 or write to her at: Number One, Southwark Bridge London SE1 9HL

FINANCIAL TIMES Shipping No. of bargains included 291 No. of bargains included 291 No. of bargains included 291

FINANCIAL TIMES Water Works No. of bargains included 11 No. of bargains included 11 No. of bargains included 11

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LONDON STOCK EXCHANGE

Gloomy close to Account in equities

THE UK stock market looked a sorry place yesterday as concerns over recessionary pressures in the US were joined by a renewed slide in the pound and new and stronger hints of impending redundancies in the London brokerage community.

Account Opening Dates table with columns for Date, Open, High, Low, Close.

It was Wall Street's continued setback which provided the chief downward impetus in London. City analysts remained fairly sanguine over domestic interest rate prospects despite the renewed slide in the pound towards the 90 mark on the sterling trade weighted index.

substantially as Wall Street began to slide and at its worst point the market was nearly 34 points down on the Footsie scale. The clouds over the market thickened as one of the leading UK market makers disclosed a \$12.5m loss for the year, and omitted its dividend payout.

There was very little recovery before the close and the session ended with the FT-SE Index down 31 points at 2,151.8. Seaq volume increased to 550.6m shares from the 525.8m of the previous session.

Despite the sharp fall in market indices yesterday, traders said the leading institutions remained relatively passive towards the market. Market strategists believe that equities have been overbought, and could correct down to around the Footsie 2,050 mark without prompting heavy selling.

Yesterday marked the end of the June quarter and fund managers were disinclined to shift portfolios around. The strategy team at Warburg Securities commented that the Footsie has proved resilient to sterling's slide, adding that, despite this week's hike in German interest rates, the pound will, "weather this particular storm", without another hike in base rates.

The portable telephone sector suffered further losses yesterday as City analysts continued to assess the implications of the plans to introduce increased competition into this rapidly expanding area of UK business.

FINANCIAL TIMES STOCK INDICES table with columns for Index, Jun 30, Jun 29, Jun 28, Jun 27, Jun 26, Jun 25, Jun 24, Jun 23, Jun 22, Jun 21, Jun 20, Jun 19, Jun 18, Jun 17, Jun 16, Jun 15, Jun 14, Jun 13, Jun 12, Jun 11, Jun 10, Jun 9, Jun 8, Jun 7, Jun 6, Jun 5, Jun 4, Jun 3, Jun 2, Jun 1, 1988, Since Completion.

S.E. ACTIVITY table with columns for Index, Jun 29, Jun 28.

Plessey under attack

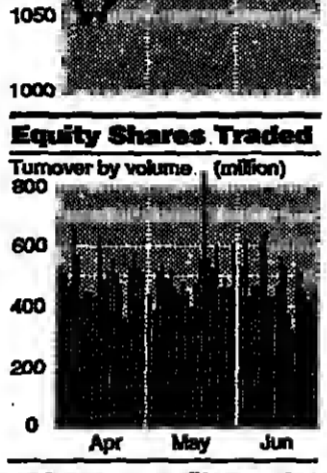
A sudden wave of selling took shares in Plessey down sharply, although City analysts raised suggestions that the GEC-Siemens bid project had hit trouble. The sales were widely circulated if not widely believed and a backreaction developed briefly in Plessey shares as disparities opened up in marketmaker screen quotations.

FT-A All-Share Index



interim profits from Berisford was the \$14m of exceptional share. There was general surprise at the composition of the large exceptional item, in particular the \$2.2m provision for the non-realizability of US property income," commented Mr. Carl Short of Kitcat & Aitken.

Equity Shares Traded



There was further selling of both Racal Telecom, down 37 at 398p with 2.2m shares traded, and Racal Electronics, down 27 at 429p on turnover of 6.6m shares as another leading US house started to have joined the ranks of those downgrading the stocks because of the likely effects of the increased competition from the prospective new licensees in the portable telephone market.

seas, helped sustain the shares. Doubled earnings put Graham Wood up 18 to 26p, but Baldwin dipped 8 to 16p and Stanley Miller dropped 10 to 24p.

Dealers seemed relieved when recruitment agency Reed Executive posted a 14 per cent fall in profits for the 53 weeks to the end of March. The stock firming to 102p before the market digested the warning accompanying the figures to the effect that first half trading this year had been hard going. It had not been helped by the reduction of temp business in Central London, where the company has a high concentration of offices, because of transport strikes. The stock slumped to close at 81p, a net decline of 14.

Asia ended a busy week with another large volume figure; 6.6m shares changed hands as the price shed 2 at 177p.

Beazer fell more sharply than the underlying market after a downgrading from BZW. Mr Mark Stockdale, who follows Beazer at BZW, pinned the blame on likely problems arising from the slow down in the UK housing market. The stock fell 9 to 177p.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks with columns for Stock, Volume, Price, etc.

Market misfortune

The worst market fears were realised yesterday when Smith New Court, the publicly quoted securities house, passed the final dividend payment and declared a \$12.5m loss compared with a 1988 profit of \$7.6m. The last two months of 1988 were particularly bad for Smith which since January has been trading profitably even after charging redundancy payments associated with February's cost-cutting exercise.

Berisford setback

The unexpectedly high costs of restructuring, and problems with the US property operation, led to a set of half-year figures from food and commodities group Berisford International that caught the market by surprise, sending the shares sharply lower. Over 5 per cent was knocked off the value of the group's market capitalisation, as the share price closed 9 lower at 150p on turnover of 3.1m shares.

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 with columns for Name, High, Low.

RISES AND FALLS

Table showing rises and falls in various sectors with columns for Rise, Falls, Same, etc.

LEADERS AND LAGGARDS

Table showing percentage changes since December 30, 1988 based on Thursday June 29, 1989.

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bonds with columns for Coupon, Bid Date, Price, Change, Yield, Week ago, Month ago.

WEEK IN THE MARKETS

Coffee market waits for vote

COFFEE prices have taken further punishment this week amid increasing confusion about the future of the international pact. The International Coffee Organisation is renowned for last minute solutions to its problems being struck in the early hours after weeks of grueling negotiation. But even by ICO standards, the talks so far on the future of the coffee agreement have been prolonged and tortuous.

Boardroom changes at RHM

RANKS HOVIS MCDUGALL, the UK bakeries and food group, yesterday announced a reshuffle of boardroom changes and appointments. Nicki Zell writes. Sir Peter Reynolds, the current chairman of Ranks Hovis McDougall, is to retire from the post in September and will become deputy chairman. Sir Peter's retirement becomes effective on September 10, when he reaches age 60.

Boardroom changes at RHM

WARTSILA, based in Finland, has appointed Mr Anthony Pratt (above) as managing director for the UK holding company TRAM SANITEX. He was managing director of Bowater Hala.

Boardroom changes at RHM

Dr J.A. Roberts has joined the board of C.P. ROBERTS GROUP, the Hartford-based development company. He was group managing director of Rubeoid until its acquisition by Tarmac.

Boardroom changes at RHM

Mr John Richardson has been made a director of LLOYDS MERCHANT BANK and will lead the corporate finance team in Yorkshire. His career in merchant banking spans 15 years having been spent as director in charge of the regional office of County NatWest in Leeds.

Boardroom changes at RHM

Mr Michael Tripp, planning manager, has become an assistant manager of GUARDIAN ROYAL EXCHANGE's strategic planning division.

Boardroom changes at RHM

Mr John Manners, construction manager, has been promoted to construction director at BALFOUR BEATTY HOMES (CENTRAL). Mr Richard Baxter, technical manager, moves up to technical director.

Boardroom changes at RHM

Mr Stephen Thistlewood has been made managing director of WESTGATE INSURANCE CO, a subsidiary of AXA International. He succeeds Mr J.A. Amos who has resigned. Mr Thistlewood is also managing director of London and Hull



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AUTHORISED UNIT TRUSTS

Main table containing unit trust information with columns for Name, Class, Price, and other details. Includes sub-sections like 'Barrage Unit Trust Managers Ltd', 'Equitable Unit Trust Managers Ltd', etc.

GUIDE TO UNIT TRUST PRICING. Includes sections for INITIAL CHARGES, NET ASSETS PER UNIT, and TRADING PRICING.

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صكنا من الراجل

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Main table containing unit trust information with columns for Name, Price, and Yield. Includes sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page



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Main table containing unit trust information, organized into columns for various categories like 'UK Life Assurance Co Ltd', 'Scottish Life Assurance Co Ltd', 'Target Life Assurance Co Ltd', etc. Each entry includes the company name, unit name, and price.

OFFSHORE AND OVERSEAS

GUERNSEY (SB REGISTERED)

Table listing Guernsey registered unit trusts, including names like 'Allied Overseas Investment Fund' and 'Guernsey Investment Fund'.

LUXEMBOURG (SB REGISTERED)

Table listing Luxembourg registered unit trusts, including names like 'Luxembourg Investment Fund' and 'Luxembourg Growth Fund'.

JERSEY (SB REGISTERED)

Table listing Jersey registered unit trusts, including names like 'Jersey Investment Fund' and 'Jersey Growth Fund'.

SWITZERLAND (SB REGISTERED)

Table listing Switzerland registered unit trusts, including names like 'Switzerland Investment Fund' and 'Switzerland Growth Fund'.

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صحة من الامم

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their performance, and details.

LONDON SHARE SERVICE

Table of London Share Service listing British Funds, Commonwealth & African Loans, and Foreign Bonds & Rails.

Table of Money Market Bank Accounts and Money Market Trust Funds.

UNIT TRUST NOTES: Additional information and disclaimers regarding the unit trust services.



LONDON SHARE SERVICE

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AMERICANS - Contd. Table listing various American companies such as Amgen, Amstar, and Amstar Corp with their respective share prices and financial data.

BUILDING, TIMBER, ROADS Contd. Table listing companies in the building, timber, and roads sectors, including Amey, Amey Group, and Amey PLC.

DRAPERY AND STORES - Contd. Table listing companies in the drapery and stores sector, such as Asda, Asda Group, and Asda PLC.

ENGINEERING - Contd. Table listing companies in the engineering sector, including Balfour Beatty, Balfour Beatty Group, and Balfour Beatty PLC.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies, such as British Airways, British Airways PLC, and British Airways Group.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies, such as British Airways, British Airways PLC, and British Airways Group.

CANADIANS Table listing various Canadian companies, such as Alcan, Alcan Group, and Alcan PLC.

BANKS, HP & LEASING Table listing companies in the banking, hire purchase, and leasing sectors, including Abbey National, Abbey National PLC, and Abbey National Group.

ELECTRICALS Table listing companies in the electricals sector, such as British Telecom, British Telecom PLC, and British Telecom Group.

ENGINEERING - Contd. Table listing companies in the engineering sector, including Balfour Beatty, Balfour Beatty Group, and Balfour Beatty PLC.

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BANKS, HP & LEASING Table listing companies in the banking, hire purchase, and leasing sectors, including Abbey National, Abbey National PLC, and Abbey National Group.

CHEMICALS, PLASTICS Table listing companies in the chemicals and plastics sectors, such as British Petroleum, British Petroleum PLC, and British Petroleum Group.

DRAPERY AND STORES Table listing companies in the drapery and stores sector, such as Asda, Asda Group, and Asda PLC.

ENGINEERING - Contd. Table listing companies in the engineering sector, including Balfour Beatty, Balfour Beatty Group, and Balfour Beatty PLC.

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BEERS, WINES & SPIRITS Table listing companies in the beer, wine, and spirits sectors, such as British Beer, British Beer PLC, and British Beer Group.

DRAPERY AND STORES Table listing companies in the drapery and stores sector, such as Asda, Asda Group, and Asda PLC.

ENGINEERING - Contd. Table listing companies in the engineering sector, including Balfour Beatty, Balfour Beatty Group, and Balfour Beatty PLC.

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INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies, such as British Airways, British Airways PLC, and British Airways Group.

INSURANCES Table listing companies in the insurance sector, such as British Insurance, British Insurance PLC, and British Insurance Group.

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INSURANCES - Contd

Table of insurance companies including Royal Indemnity, London & Lancashire, and others, with columns for share price, high, low, and volume.

PAPER, PRINTING, ADVERTISING - Contd

Table of paper, printing, and advertising companies including Newsprint, Printers, and Advertising agencies.

TEXTILES

Table of textile companies including various spinning and weaving firms.

TRUSTS, FINANCE, LAND - Contd

Table of trusts, finance, and land companies including investment trusts and financial institutions.

OIL AND GAS - Contd

Table of oil and gas companies including exploration and production firms.

MINES - Contd

Table of mining companies including various metal and coal producers.

LEISURE

Table of leisure companies including hotels, resorts, and entertainment firms.

PROPERTY

Table of property companies including real estate and development firms.

TOBACCO

Table of tobacco companies including cigarette and pipe manufacturers.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land companies (continued).

OVERSEAS TRADERS

Table of overseas trading companies including import and export firms.

PLANTATIONS

Table of plantation companies including rubber and palm oil producers.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade companies including car and aviation firms.

COMMERCIAL

Table of commercial companies including various business services.

FINANCE, LAND, ETC

Table of finance, land, and other companies including investment and service firms.

FINANCE, LAND, ETC

Table of finance, land, and other companies (continued).

MINES

Table of mining companies (continued).

MINES

Table of mining companies (continued).

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies including print and digital media firms.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising companies (continued).

SHIPPING

Table of shipping companies including maritime and logistics firms.

OIL AND GAS

Table of oil and gas companies (continued).

MINES

Table of mining companies (continued).

MINES

Table of mining companies (continued).

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising companies (continued).

SHOES AND LEATHER

Table of shoes and leather companies including footwear and leather goods firms.

SOUTH AFRICANS

Table of South African companies including various regional firms.

OIL AND GAS

Table of oil and gas companies (continued).

MINES

Table of mining companies (continued).

MINES

Table of mining companies (continued).

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including various local companies.

TRADITIONAL OPTIONS

Table of traditional options including 3-month call rates for various sectors like Industrials, Property, and Oils.

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# FINANCIAL TIMES

Weekend July 1/July 2 1989

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## Army seizes power in Sudan

By Julian Ozanne in Nairobi

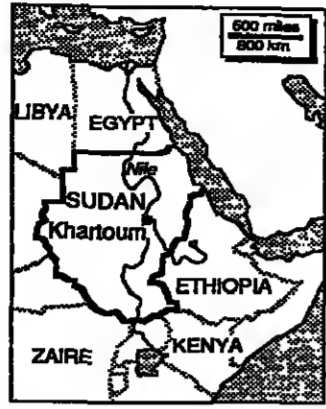
SUDAN'S army seized power yesterday in a dawn coup during which Mr Sadiq el Mahdi, the Prime Minister, several cabinet ministers and the army commander were arrested.

It is the third time since independence in 1956 that the armed forces have overthrown a civilian administration.

The coup, which followed a foiled attempt 12 days ago to come after months of tension between the army and Government over the slow progress towards ending the country's six-year civil war.

Little is known about the new regime, but first indications suggest it consists of moderate officers, with close links to Egypt, who are anxious to negotiate an end to the conflict.

In a radio broadcast Brigadier Omar Hassan Ahmed al-Bashir, a senior officer in the Paratroopers Corps and leader of the coup, declared a "June



Revolution." He blamed the civilian government, which took office in 1986, for failing to end the war.

He also accused the government of allowing relations with neighbouring countries to deteriorate - an apparent reference to Egypt, which has been

concerned by the activities of Sudan's fundamentalist National Islamic Front.

A communique issued by the Brigadier spoke of "the failure of the political elites... to realise the minimum aspirations of the Sudanese people."

Later, the brigadier declared a nationwide state of emergency, and a dusk-to-dawn curfew. He also announced the dissolution of the constitution, parliament and political parties, and the formation of a Revolutionary Council.

A second communique in the afternoon distanced the coup leaders from former President Gaafar Nimeiri who came to power in a left-wing coup in May 1969. The revolution, it said, "is a national revolution of neither the left nor the right. It is neither partisan nor denominational."

There was widespread speculation yesterday that Egypt, long-frustrated with Khartoum's increasing alignment with Muslim fundamentalists inside the country and with Libya and Iran outside, had given at least moral support to the coup leaders.

If the new Government can end the war, Sudan could begin the arduous process of national reconstruction and economic development.

Ethiopia could benefit provided the new regime in Khartoum is prepared to stop supporting secessionist rebels in Eritrea in return for an end to Addis Ababa's backing of the Sudan People's Liberation Army, which controls most of southern Sudan.

Libya would lose an ally should Sudan's new government join the Arab mainstream, and Cairo would feel more secure with a moderate administration which gave no encouragement to Muslim fundamentalists.

Details, Page 2

## Lawson dampens surplus hopes

By Philip Stephens, Political Editor

MR NIGEL Lawson, the Chancellor yesterday sought to dampen expectations that the Government's budget surplus this year could turn out to be well above his £14bn forecast by warning of the cost in lost revenues of an unexpected boom in personal pensions.

His comments followed a stern Treasury warning earlier this week that spending ministers should not regard expectations of an even larger surplus as an excuse to step up their demands for extra cash in their current spending negotiations.

Mr John Major, the Chief Secretary to the Treasury, is facing bids for an increase running into several billion pounds for leading departmental budgets in the 1989/90 financial year. The Environment Department is negotiating for a significant increase to smooth next year's introduction of the poll tax, the Health Department is seeking a large injection of funds into the NHS, and the Education Department wants a rapid acceleration of its capital programme.

At the same time, the surge in inflation is likely to significantly increase the cost of the Social Security Budget.

In a speech to Conservatives in Peterborough, Mr Lawson said that by today's first anniversary of the introduction of the new scheme some 34m people would have taken out personal pensions. The Chancellor gave an enthusiastic welcome to the take-up, but warned that the cost to the National Insurance Fund in the current 1988/89 financial year of the rebates and incentive payments for those opting out of the state scheme would amount to nearly £3bn.

In his March Budget Mr Lawson provided for a £1bn decline in such receipts. That suggests that if nothing else changed the Budget surplus would be close to £14bn.

The view in Whitehall is that there is no need for the Government to change its forecast because of the wide range of other factors which affect the surplus. The shortfall in pension receipts, however, is seen as a reason to caution against the general view in the City - among senior spending ministers - that the Treasury have deliberately underestimated the size of the surplus.

Britain's call, Page 3

## The last check-out at Gateway

Now that both contenders for Gateway have made their final pitch, the game is still extraordinarily close. In one sense, Isoceles has a clear edge, with a claimed 44 per cent under its belt already, it only needs one or maybe two big institutional holdings to settle it all. Conversely, for it to lose, the institutions would have to be almost unanimous in turning down the stub offer.

But the valuation of the stub remains highly contentious. It could be argued that Gateway's own management have put a price on it; their own final offer of 249p cash, compared with 215p cash plus equity from Isoceles, might suggest that they implicitly value the stub at 27p, plus whatever margin they require to make the buy-out worthwhile. But that in turn rests on the assumption that the two competing buy-outs are operationally identical, which is plainly not the case.

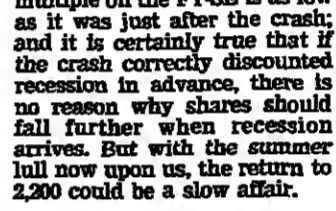
This goes beyond the radical differences in Gateway's final shape under the two proposals. Isoceles has the advantage of already having a firm price for much the biggest of its disposals, the superstores. Conversely, the Wasserstein Perella consortium has detailed access to Gateway's books, plus the option of drawing further on A&P's management to help sort out Gateway's trading. Perhaps above all, there is no telling how far both Wasserstein Perella and A&P are prepared to pay over the odds to gain strategic access to their respective markets in the UK.

Other things being equal, there are good grounds for accepting stub equity in a buy-out as insurance against underpricing. But in this case, there is simply no saying whether things are equal or not. In the end, it may all come down to the question of whether the institutions, having had such a grievous time with Gateway equity in its old form, want anything to do with the revised version.

**FT index fell 25.1 to 1,784.5**

**Smith New Court**

Share price relative to the FT - A All-Share Index



The worry may be a different one: the scale of losses the firm is incurring elsewhere. It is unenviable to hear that in spite of the disasters before Christmas, market-making was in profit for the year as a whole. It follows that the £12.6m pre-tax loss for the year is all attributable to the cost of building up the broking side, both in the UK and in Japan. This is the more unsettling since Smith, having long since decided that jobbing is not enough, is still adding to its broking staff. But the old-style operators, like their new insured rivals, were always glibtons for punishment.

### Pentland Industries

The difficulty in assessing the recapitalisation of Pentland Industries is that all concerned are being rather coy about the real reasons for doing it. It is just a clever piece of financial engineering designed to give shareholders £50m in a tax efficient manner, or is it designed to create an aggressive stock market vehicle which will no longer sell at a discount to net asset value which would be an embarrassment for even the most sleepy investment trust?

The answer is a bit of both. Pentland's problems have been visible for some time. Three quarters of its earnings are in dollars and come from a low yielding asset it does not control; its lack of UK earnings limits its dividend payout; and it has a majority shareholder whose conservatism may have prevented it from taking the risks needed to develop an equally exciting successor to Reebok, its quoted US associate. Any other company would have been broken up a long time ago; but the potential capital gains tax liability, which could be as much as 40p per Pentland share, has been a powerful deterrent.

Under the new structure, the controlling Rubin family takes £17m out of the business, which should ease any long-term financial worries, and a group of Pentland's young Turks have been given considerably more freedom and money to make acquisitions and play in the venture capital and LBO arena. There is nothing in their track record to suggest that Pentland shares justify a re-rating on this count. However, if the new structure allows Pentland to liquidate its Reebok investment without incurring a horrendous tax liability, its shares should be considerably higher than their current 107p.

### Stockbroking

It was a bad day yesterday for old-style stockbroking: James Capel sacking a tenth of its staff and Smith New Court plunging into loss and passing its dividend. For Capel, the cuts are doubtless essential, but dangerous. To survive as the last of the full-scale agency brokers, it cannot afford to fall into the middle ground between researching the market as a whole and operating as a low-cost boutique. It is claimed that the firm's coverage will be unaffected; if so, one wonders what the 100 redundant staff were there for.

For Smith, the spectacular £15m losses last November and December seem chiefly the result of dogged determination to remain the old-style jobber. With competitors quoting staff prices in minimum size, Smith chose to match those prices in full size to all comers. It remains to be seen whether the money thus lavished on client loyalty and market share can be recouped; what seems clear is that the subsequent rule changes in market making, if nothing else, make those market conditions unlikely to recur.

### Markets

With luck, yesterday's slump on both London and Wall Street will turn out less serious than it looked. Both markets were technically ready for a reversal, and London in particular had been too impressed by a good set of trade figures before being punctured by the rise in West German interest rates on Thursday.

There is no denying, though, that the London market smells recession. This is detectable

## Cost-cutting measures at James Capel

By David Lascelles and David Waller

JAMES CAPEL, one of the City's leading stockbrokers, announced a series of cost-cutting measures yesterday including the loss of over 100 jobs. The news came as Smith New Court, the City's only publicly-quoted equity market maker, disclosed that it made a loss of £12.6m in its latest financial year.

Coming hard on the heels of 90 redundancies at Swiss Bank Corporation's London operations on Thursday, the announcements capped a bleak week for London securities houses, which have suffered from over-capacity and a squeeze on profit margins.

The steps taken by Capel are intended to save several million pounds and enable it to compete more efficiently. Last year, Capel made a loss of £32m, but its parent, Hongkong and Shanghai Bank, said it believed there was a future for high quality stockbrokers, and ordered a long-term plan to restore profitability.

The job losses fall across the board, but Capel said it remains committed to all its lines of business.

Mr Peter Quinnen, chief executive, described the cuts as "good housekeeping", and stressed that Capel is now operating profitably, "though not overwhelmingly so."

The losses amount to slightly under 10 per cent of Capel's 1,500 UK staff. Its total assets are 2,500, up from 500 only four years ago. Smith New Court's result was much worse than the City expected and marked a turn-around from a profit of £7.6m the year before. SNC, which will omit its final dividend, blamed difficult conditions, and cited a price war between market makers in equities as well as a misreading of the market and low turnover.

Mr Tony Lewis, the chairman, said the results should be seen in the context of an industry where

competitors had collectively lost hundreds of millions of pounds since the Big Bang reforms of October 1986. He said recent years had shown a significant improvement with a return to profitability.

Mr Lewis made it clear that market-making actually made a small, net profit for the financial year as a whole.

By inference, much of the £12.6m loss reflected the costs of SNC's strategy of building up its agency broking side. Mr Marks defended this strategy and said that yesterday's results would not force a change of tack.

## Reckitt to cut about 500 jobs over two years

By Christopher Parkes, Consumer Industries Editor

RECKITT & COLMAN, the UK-based multinational, plans to switch responsibility for production and greater focus on core product lines in West Germany, France and Spain in a shake-up of its international toiletry and household goods operations.

The first stage, announced yesterday, will lead to about 500 job losses in the UK over the next two years, including 400 at the Hull factory on Humberside and 70 at Derby. Additional redundancies are expected to be announced shortly when the group unveils a

scheme for further rationalisation of its continental business.

The plans involve simplifying operations and greater focus on core product lines in preparation for completion of its European Community's internal market, scheduled for 1992. The reorganisation will be completed during 1991.

In the first wave of changes, manufacture of Brasso and Duraglit metal polishes will shift to Spain. The Steradent denture cleaner operation will move to West Germany to be rolled in with Reckitt's Kukt-dental business, and Bleachma-

tic laundry products will be made in France.

The Hull works, which will continue to manufacture pharmaceuticals and Winsor & Newton and Reeves artists' colours, will become the focus factory for shoe polish, supplying the Cherry Blossom and Meltonian brands in Europe and North America.

Derby, meanwhile, will make most of Reckitt's aerosol products for the whole of Europe. These include Haze air fresheners and Supersoft hair spray.

Household goods and toiletries last year accounted for

just over half the group's sales and pre-tax profits. A third of turnover and a quarter of profit came from food and wine, with pharmaceuticals contributing most of the rest. Total sales of £1.4bn yielded £191m profit.

Focused manufacture, with one or two factories making one or two products for the whole of Europe, is becoming increasingly common as multinationals seek economies of scale and more efficiency ahead of the 1992 changes.

Ordnance plant reviewed; Cider plant closes, Page 3

### CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			Tokyo (Yen)		
Wage	955	+ 4	Aichi Sharyo	2070	+ 170
Volkswagen	435	+ 2.5	Hohsu	1230	+ 110
Compt Moderne	1025	- 61.1	Mitsumi Elec	1060	+ 87
BASF	282.5	- 8.7	Ricoh Elec	2480	+ 330
Daimler	581	- 15.5	Fuji Tektok	1010	- 70
Manne Mann	285	- 5.2	Tokoyokai Seizo	518	- 48
Thyssen	240.3	- 7.5			

### NEW YORK (S)

Gen Elec	52	- 1.2
Lin B'casting	117.5	- 5.4
MCI	25	- 1.4
Paramount	59.4	- 1.4
Veonon	3.2	- 1

### LONDON (Pence)

Budgen	120	+ 8
Calim Energy	280	+ 15
Coms Gold Flids	1470	+ 13
Elson	34	+ 3
Graham Wood	248	+ 2
Pentland Inds	107	+ 8
Sci & New	335	+ 4
UK Industrials	81	+ 2.2
Falls	648	- 11
BAT Inds	150	- 9

### WORLDWIDE WEATHER

City	Temp	Wind	Cloud	City	Temp	Wind	Cloud
Alex	24	W	2	London	14	W	1
Amst	15	W	2	Madrid	18	W	2
Antw	14	W	2	Milan	21	W	2
Barc	19	W	2	Munich	16	W	2
Berl	17	W	2	Nice	24	W	2
Birm	15	W	2	Paris	17	W	2
Bomb	28	W	2	Prague	14	W	2
Bris	13	W	2	Rome	20	W	2
Brno	15	W	2	Sao Paulo	21	W	2
Bud	16	W	2	Stockholm	12	W	2
Bud	16	W	2	Tokyo	24	W	2
Bud	16	W	2	Zurich	14	W	2

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## Jaruzelski declines presidency

By John Lloyd

GENERAL Wojciech Jaruzelski, the Polish leader and first secretary of the Polish United Workers Party, yesterday told the Party's central committee he would not stand for the presidency of Poland.

He has recommended support for General Czeslaw Kiszczak, the Interior Minister.

It was not clear last night whether the central committee had accepted his leader's decision, but it is thought likely to do so.

Solidarity officials said that Mr Lech Walesa, the movement's leader, was flying from

his home town of Gdansk to Warsaw to consult colleagues on whether or not they could accept General Kiszczak's candidacy.

Government colleagues, Solidarity and the public widely expected General Jaruzelski to be voted in as president by the slim in-built majority that the Party and its allies have in the new Polish parliament.

The armed forces, through the military council, had made it clear they expected him to take the post.

In the past week, however, he has encountered mounting

opposition to his candidacy inside the Party.

Senior Party officials said that a poll had shown its members hated him for mishandling elections early last month, in which the Party was humiliated.

A statement, read out midway through the day-long meeting of the 230-strong Central Committee, confirmed the view that the General had accepted election to not be a credible figure to lead Poland through its deepening economic crisis and political impasse.

## Student loans

Continued from Page 1

of start-up costs, marketing and publicity costs, university costs and other central government costs.

The report discusses three possible ways of financing the loans company: the banks could subscribe equity, they could fund it through debt, or

the Government could provide the funds. It recommends in favour of debt funding because that would "eliminate concern about the advance Corporation Tax on dividends."

However, Ministers are understood to favour the third option under which the Gov-

ernment would provide the funding directly, even though Price Waterhouse recommended against that because of the way it would be repaid to the public to be only nominally private sector. It would, in effect, be more like an agent of the Government.

## Hong Kong anger

Continued from Page 1

gramme for, and mandatory repatriation of, Vietnamese refugees, despite US opposition.

Mr George Foulkes, the Labour party's shadow Foreign Minister, welcomed the recommendations on speeding the introduction of democratic government and establishing an international safety net, but said the Opposition would fight the granting of this right of abode to privileged groups.

The recommended concessions include much greater flexibility in giving full British citizenship to civil servants. A large number of other public servants, such as the police, could be given assurances of a right of entry (not full citizenship), which they could not take up until 1997.

"We reject the 'insurance policy' argument that all 3.2m British dependent territory passport holders should be immediately given right of abode," said Mr David Howell, chairman of the committee.

But he added: "We're trying to provide support for the political will to tackle this problem."

The report also suggests defining a category of private sector professionals and managers with British Dependent Territory passports who could be given similar assurances. The committee believes that the British Government has an obligation to give full British citizenship to the non-Chinese BDPH-holders in Hong Kong.

As an international solution, the British Government should immediately see what guarantees for all Hong Kong residents could be established along with other countries, such as members of the European Community, the US, Australia and Canada.

The committee rejects calls to tear up the Sino-British Joint Declaration following the Peking massacre but urges that the Basic Law, Hong Kong's mini-constitution being drafted by teams from China

and Hong Kong, should fully reflect the provisions of the declaration.

It also recommends a Bill of Rights for Hong Kong and the setting-up in the territory of a Joint Constitutional Court. On democratic reform, the committee proposes that 50 per cent of members of the Legislative Council should be directly elected in 1991, and all of them in 1995. The moves would substantially broaden the limited democratic rights which earlier seemed likely to be incorporated in the final draft of the Basic Law.

In Hong Kong, the statement from the Executive and Legislative Councils was their most outspoken yet. It said the suggestion that the international community be mobilised in an Armageddon scenario betrayed any desire by the committee to understand, let alone accept, that there was a confidence crisis in Hong Kong which called for immediate action.

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# Property Plus

Section III

A SPECIAL SUPPLEMENT

**Y**OU MAY be struggling through alarming new mortgage cost calculations, but housebuilders are racking their brains for new ways of lubricating a home sales chain that is not so much broken as seized up.

Every home loan lender worth the name is inventing variations on discounted and deferred repayment mortgage terms in an effort to persuade buyers to dip into coffers positively groaning with deposits.

Estate agents trading in lower and middle priced homes across the country are taking their few viewers around dozens of properties and becoming used to the embarrassed telephone call, at the end of the exercise, when the prospective buyer thanks them for their trouble and explains that they have decided to wait and see how much more the Chancellor has up his sleeve before making a move.

Among the top-priced, six and seven figure properties, however, it is another world. Even here, Savills confirms that sales turnover is down perhaps 20 to 25 per cent. But, according to Yolande Barnes, of the agent's residential research operation, prices are holding.

"At the top of the market there is still a lot of serious money about," says Anthony Lassman, of the Mayfair agency that bears his name. "Every good house that comes up that is not ludicrously over-priced is attracting interest."

Two sales of Nash houses in Chester Terrace, Regent's Park, London, support that view, Lassman says: "Those who can afford to buy without having to be too concerned about selling are active in the market right now."

A largely unmodernised Chester Terrace house sold in the autumn last year for \$980,000. According to Lassman, a pretty well identical house, "same site, same condition, in the same terrace," has just sold for £1.27m, and the sale price of a fully modernised terrace at £1.37m.

"It would be foolish to say that things are easy," says Lassman, "but good quality properties are genuinely sell-



## Not so tough at the top

John Brennan explains where the serious money is going

ing, and selling in competition."

He has seen no signs at all of any extra influx of cash from Hong Kong since the political upheaval on the Chinese mainland, but reports that, at the top end of the London market, the English buyers who, in Forbes' view, "having been somewhat circumspect over the past 18 months, because of the hype surrounding the potential property crash, realised that the top end of the range was holding its own."

Over at Hamptons, John Vaughan expects that the increased purchasing power of the dollar may start to filter into the market as overseas

buyers think prices to be good value. This is a point echoed at Knight Frank & Rutley, which has been reporting buying competition for the best properties in and out of town.

In recent weeks the agency has reported the sale of a \$500,000, three-bedroom house in Lyall Mews, Belgravia (£20,000 above the guide price) to a \$10m-plus sale of the 3,383-acre Druids Lodge Estate, in Wiltshire, in a deal completed within a week of the start of the property's sales marketing programme.

The sale of Canonleigh Manor, at Christow, near Exeter, Devon, helps to illustrate the way premium property values have held up across the country. The five-bedroom, Grade I listed manor, in 9½ acres, was sold in 1982 for £200,000.

The stone manor, largely Elizabethan built, resold in 1985 for £275,000. In April this year the price had risen to "in the region of" £700,000.

The best properties are still selling, both in town and country. Within four weeks of its release on to the market, by Knight Frank & Rutley, the seven-bedroom, Grade II listed manor and stately Little Manor, in the Cotswolds village of Tisbury, Oxfordshire, attracted 25 offers, a number of competitive bids, and a successful offer "substantially in excess" of the £1.5m asking price.

the home counties would probably only be about 15 per cent.

Just as critical as the regional comparison, the manor has sold, and sold at a price which pays little heed to the interest rate problems besetting the market among the mortgage-sensitive price levels.

Down among properties where loan costs matter, the most recent national poll of its residential agency members, by the Royal Institution of Chartered Surveyors, reaffirms the slowdown that has driven housebuilders, from Charles Church to Barratt, to promote, respectively, part-purchase equity mortgage schemes and chain-breaking home buying services.

The prospect of low-to-zero average price growth and sharply lower sales volumes of houses for the year as a whole - apart from those priced outside the range of interest-rate problems - sits ill against the growing weight of evidence showing a residential development land shortage in the south of England.

As the latest of these surveys, completed for Hamptons residential development team by H & RHI Consensus Research International, suggests, an urgent reappraisal of planning policies in the southern half of the country is needed. Otherwise, trying to pack 700,000 additional people into the area represents a "housing demand crisis" which, if policies do not change to release more development sites, can only mean another upward spiral in land and property prices.

## Agents still take a pound of flesh

Sales are down, but commissions will stay high, says John Brennan

NOW THAT estate agents are rationing their property listings, taking on to their books only those properties that they think they have a realistic chance of selling, there is little chance of bargaining over sales commissions.

Most of the major firms also now insist on being instructed as the sole sales agents. As they have to work harder to achieve a sale - with the ratio of viewing numbers to sales dramatically higher than a year ago - few agents are willing to dilute their earnings by splitting commissions with a buyers' selection of joint agencies.

Average sales commissions are, therefore, likely to firm up again after the reduction last year recorded by the Woodwich Building Society in its survey of agency fees countrywide.

That survey showed widespread commission cutting to attract sales instructions. Against nominally quoted fees of between 1.5 and 2.5 per cent of sale prices, the national average for charged fees fell from 1.93 per cent in 1987 to 1.86 per cent in 1988.

This year, with sales volumes sharply down and sellers rather than buyers hounding the agency offices with anxious phone

Agents' sales fees by country	
Sales fees, average percentage of sales price	
France	6
USA	7
Canada	7
N. Germany	6
Italy	4
Sweden	4
Belgium	4
Switzerland	4
New Zealand	4
Denmark	3
Ireland	3
Spain	3
UK	1.5 - 2.5
Netherlands	2
Norway	2

calls to see if there is any news, few people are haggling over commission charges. That is unlikely to stop successful sellers from grumbling when the agent's fees come due, however.

One of the few things that first-time buyers get for free is the estate agent's service, so at least they have no real grounds to join the chorus of agency critics, on cost grounds, at least.

As for the rest of the country's home movers, a review of property transfer sales' commissions worldwide on behalf of the Relocation Services Institute suggests that UK vendors do better: the service they pay for, as the accompanying table shows,

### UK Offices

Ascot, Beaconsfield, Chipping Norton, Cirencester, Edinburgh, Glasgow, Guildford, Hereford, Hungerford, Leeds, Oxford, Sheffield, Sherborne, Shrewsbury, Stratford-upon-Avon, Tunbridge Wells.

## Knight Frank & Rutley

### Overseas Offices

Australia, Bahrain, Botswana, France, Hong Kong, Japan, Malaysia, New Zealand, Nigeria, Singapore, Spain, United States Of America, Zimbabwe.

**Buckinghamshire**  
Wendover 7 miles. M40 11 miles. London 30 miles.

An outstandingly well situated country house looking over its own land.

3 reception rooms, 7 bedrooms, 5 bathrooms. Self-contained flat. Garaging. Hard tennis court. Stable yard and excellent outbuildings. Paddock. Mature gardens, farmland and woodland.

**About 81 acres**

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Michelsclerch Beckley, Hereford 14 miles.

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Esley House with 3 reception rooms and 6 bedrooms. 3 acres. 250 acres land. Excellent 18-hole golf course. 100 acres of woodland. About a mile of double bank fishing.

**About 1,052 acres**

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**Somerset/Wiltshire Border**  
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**About 485 acres**  
As a whole or in 2 lots.

Apply: Sherborne (0595) 812296 or London 01-629 8171 (FR/21900)

**Buckinghamshire**  
Bellingham, Wendover 4 miles. London 25 miles. M40 (Junction 3) 10 miles.

A very pretty 17th century listed house. Farmyard with development potential.

3 reception rooms, 5 bedrooms, 3 bathrooms. 4 period barns all with residential planning permission. Formal gardens. Stables. Paddock.

**About 10 acres**

Apply: Beaconsfield (0494) 676388 or London 01-629 8171 (AR/DM/100800)

**Hertfordshire**  
Cussey Wood, Luton 11 miles. Luton 25 miles. M25 (Junction 17) 1 mile.

A former school currently in residential use. Scope for institutional development (subject to planning consent).

3 reception rooms, 12 bedrooms, 4 bathrooms, 2 cottages. Gymnasium, store rooms.

**About 5 acres**

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Ascot

An outstanding newly built house in a rural location.

Hall, 5 reception rooms, master suite of bedroom, bathroom and dressing room, guest suite with en suite shower room, 3 further bedrooms, 5 quality bedrooms.

Detached double garage. Gardens.

**About 1/2 acre**

Apply: Ascot (0880) 24732 (FR/100129)

**Leicestershire**  
Burbage, Leicester 10 miles. Birmingham 26 miles. Leamington Spa/Warwick 20 miles. M69 (Junction 1) 1 mile.

A sumptuously appointed manor house with comprehensive recreation facilities.

3 reception rooms, 6 bedrooms, 2 bathrooms. Second floor flat with 3 further bedrooms and reception room. Heated indoor swimming pool, sauna and solarium, gymnasium, office and moorland rooms. Cellars, 6 car garage, gardens.

**About 3 acres**

Apply: Stratford-upon-Avon (0780) 297735 (JVEW/100128)

**Hertfordshire/Essex Border**  
Maudon, Babop's Stortford 3 miles. Central London 36 miles.

An attractive village house with magnificent Grade II listed Tithe barns.

3 reception rooms, 4 bedrooms, 2 bathrooms. 2 large Tithe barns. Walled paddock. Gardens and grounds.

**About 1 1/4 acres**

Joint Agents: G A Property Services, Setton Walden (0780) 23068 Knight Frank & Rutley, London 01-629 8171 (FR/100800)

**Buckinghamshire**  
Marlow, M40 and M4 4 miles. Heathrow Airport 22 miles. London 24 miles.

One of the finest houses on the River Thames.

Reception hall, 6 reception rooms, master bedroom suite, 4 further bedrooms suites, 3 further bedrooms and 1 bathroom. Indoor swimming pool, 25m x 10m. Lodge, 2 cottages and a flat. Carriage. Beautiful formal gardens. Book house. 300ft of river frontage.

**About 2 acres**

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**Hertfordshire**  
Maudon, Babop's Stortford 3 miles. Central London 36 miles.

An attractive village house with magnificent Grade II listed Tithe barns.

3 reception rooms, 4 bedrooms, 2 bathrooms. 2 large Tithe barns. Walled paddock. Gardens and grounds.

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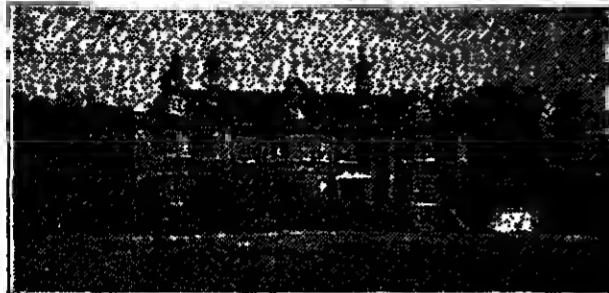


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Joint Agents: Wood East and Gardiner. Tel: (0342 82) 2255.  
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Contact: Richard Page or Christine Barber.

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About 3 1/4 acres.  
Contact: Nicholas Brown.  
Savills, London. Tel: 01-499 8644.  
Savills, Henley-on-Thames. Tel: (0491) 579900.



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150 من الاصل



PROPERTY

Retire to a life in the sun

Audrey Powell on housing schemes in France, Spain and Portugal

WHILE THE retirement homes market is subdued in the UK...

Developers point out that the British who buy such properties abroad do not necessarily depend on their UK home to fund the purchase...

The Grasse properties have become looking over rooftops to the Mediterranean or down of the busy main street...

Meanwhile, McCarthy & Stone's 58-apartment project at Juan-les-Pins is now roofed and should soon be taking occupants...

Anglia Secure Homes, the next largest firm in the retirement homes field, hasn't followed its usual overseas route...

Spain SA in Mochamol, a suburb of Alicante on the Costa Blanca. First buyers are just about moving in...

It conforms very much to the UK pattern - one or two bedrooms, alarm system, house manager...

The thinking is that while some retirement schemes aim openly to cosset residents, who want to relax in their later years...

Prices are from the lower 80,000s for a two-bedroom flat ("these are launch prices")...

Overlooking the old fishing port area of Marbella on the Costa del Sol, the Embassy Property Group is about to start its first retirement scheme...

To illustrate that not all these developments are similar, a quick return to the Costa



Panoramic living... the view over Grasse from a McCarthy & Stone retirement apartment

Blanca - which the World Health Organisation once said had the "healthiest climate in the world"...

ALPE, between Valencia and Alicante, is known for its dramatic Ifach Rock, towering 1,000 ft from the beach...

purchase are rather different, with a choice of life-long or fixed-term leases starting at 250,000 for 30 years...

There is an American approach to this scheme. The club will be the first of a number of "Golden Life" retirement resorts...

Again, slightly different in concept, is Autumn Glades, a retirement community planned for the village of Ferragudo, near Portimao...

room apartments in the fishing village of Puerto Andraitx. These will be in 10 blocks, with a central pool and bar...

Downing felt that a retirement scheme was needed and has obtained planning permission for such a project, comprising about 50 apartments and penthouses...

Advertisement for Beaumont Properties, featuring a large image of a property and text describing a development on the Costa del Sol.

Advertisement for Barbers, a French Property Specialist, offering hand-picked properties in rural tranquility.

Advertisement for Southern Spain, featuring a large image of a villa and text describing a sophisticated project of elegantly designed, luxurious apartments.

Advertisement for Victory Village Club, Quinta do Lago - Algarve, describing a sophisticated project of elegantly designed, luxurious apartments.

Advertisement for Switzerland, Lake Geneva & Mountain resorts, offering apartments or chalets in Montreux, Crans-Montana, Verbier, Villars, Gletsch, Chateau-d'Oex, region of Gstaad, Les Diablerets, Leysin, Jura, etc.

Advertisement for Portugal, Suncoast Properties, offering residential properties from 20,000 to 250,000.

Advertisement for Northern France, Hotel Development Site, offering 4 acres, planning permission obtained for 60 bedrooms.

Advertisement for Southern Spain, Fincasol, offering a selection of the finest villas and apartments.

Advertisement for France, Cote d'Azur - France, Catherine Mamet in Frejus, offering apartments with balconies.

Advertisement for Northern France, Hotel Development Site, offering 4 acres, planning permission obtained for 60 bedrooms.

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Advertisement for France, Cote d'Azur - France, Catherine Mamet in Frejus, offering apartments with balconies.

Advertisement for France, Golden Triangle, offering Prestigious Villas with Pools in Mougins behind Cannes.

Advertisement for Northern France, Hotel Development Site, offering 4 acres, planning permission obtained for 60 bedrooms.

Advertisement for Northern France, Hotel Development Site, offering 4 acres, planning permission obtained for 60 bedrooms.

Advertisement for France, Cote d'Azur - France, Catherine Mamet in Frejus, offering apartments with balconies.

Advertisement for Switzerland, Jura, offering Exclusive Three Bed, Purpose built Chalets with Lake and Mountain Views.

Advertisement for Northern France, Hotel Development Site, offering 4 acres, planning permission obtained for 60 bedrooms.

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Advertisement for France, Cote d'Azur - France, Catherine Mamet in Frejus, offering apartments with balconies.

Advertisement for International Property, Los Castillos, featuring a large image of a villa and text describing a promise of paradise.

Advertisement for Gainsborough Enterprises Ltd, offering a unique concept in overseas property ownership - 12 weeks a year holiday - "for life".

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PROPERTY

The Rock gets a facelift

GIBRALTAR is only 3.25 miles long by 0.75 miles wide but it is famous out of all proportion to its size. Its photogenic profile, towering 1,400 ft at the entrance to the Mediterranean, and its colourful history keep it in the limelight. While treading a sensitive political and international path - with last year's switch to a socialist Government and the continuing question mark over sovereignty - it is managing to perform an economic volte face. For long years it was essentially a garrison town, dominated by the needs of the armed services. Now that their numbers and funds are declining, it is changing to accommodate another kind of services. Since 1985, when its border with Spain was re-opened, the colony has been developing as an offshore centre with financial services, housing, tourism as a source of income. This is bringing a whole new way of life to the Rock - different people with different business and housing needs. Gibraltar takes it all in its stride.

The new Government admits unashamedly that it wants funds, from whatever source, and is more interested in where the money goes - on housing for its lower income people, for instance - than whence it comes. The colony's 30,000 people include 20,000 born there. Among the rest are 1,150 civilian Ministry of Defence staff and the British expatriates who like the Rock's "English" atmosphere. There are also 1,900 military MOD personnel. It is not a place favoured greatly by long-stay holiday-makers but 3.7m visitors, including day trippers, spent £38m there last year. Crowds come across from Spain, especially on its many national holidays, to shop. Although Gibraltar is associated with the EC through its links with the UK, it does not have VAT. But goods are subject to a 12 per cent import duty.

Since Gibraltar decided to pursue its new role, financial institutions "have flooded to the Rock" according to Neil Wright, director of local estate agent FMS. There are 23 banks established, or with licenses to do so, and numerous supporting financial service companies. According to Wright: "The pace of activity is nowhere better witnessed than in Main Street, where shopfronts are busy modifying fronts of buildings and displays. The overall effect will be to change the face of the Rock in line with its rapidly increasing importance as a major world business and financial centre."

Along with this comes the urgent need for more housing for staff, and upmarket versions for those at managerial level. Hence, many of the new developments include a section of residential accommodation designed for such occupants. Among these is the £4.8m Cornwall's Centre off Main Street, comprising a landscaped central piazza, two colonnaded levels of boutiques, bistros and restaurants, plus office space and 24 apartments with parking. Most of the commercial space had been taken and all the flats were sold long before the recent official opening. (Some flats obviously went to speculators and are back on the market at £80,000 to £235,500, for one to four bedrooms.) An important waterside project is 233m Queensway Quay, a five-year programme by the same developer, Taylor Woodrow. This will incorporate shops and a hotel with conference facilities and health club plus a casino around a marina. There will also be 163 apartments, which will doubtless be snapped up quickly. As FMS says: "The limited size of Gibraltar, combined with the influx of business and interest from abroad, has resulted in fierce competition for office space and residential accommodation."

Work is nearing completion on the 23m Regency House, a 63,000 sq ft office block designed to blend with the old fortifications. There is parking for 60 cars (parking is as difficult in the centre of Gibraltar as it is in London). The development has no residential accommodation but Marples International and local developer, Gibraltar have started on Regency House, a 49-apartment overlooking Rota Bay. It's the same sort of story - 49 apartments along with commercial premises, and all the apart-

ments gone long before the end-of-year completion.

A little different in design are 80 two- and three-bedroom duplex crossover apartments and four penthouses which will make up Spram House in Rota Road. This is a UK-backed New Capital Properties scheme. The apartments have air-conditioning and underground parking and share gardens and swimming pool. Prices start at £108,500, or £300,000 for the penthouses on the eighth and ninth floors. An 11-floor residential and commercial project at Sheppard's Marina, one of the Rock's two marinas, will have 64 apartments and office accommodation. - and so it goes on.

To be honest, Gibraltar does need new developments, so long as they are of the right type. Much of the existing property looks tired and in need of sprucing-up. Buildings

away from the centre could be painted and wrought-iron balconies made attractive again. Lots of window boxes of flowers would help (although they couldn't do much to disguise some very plain living quarters and other MOD premises).

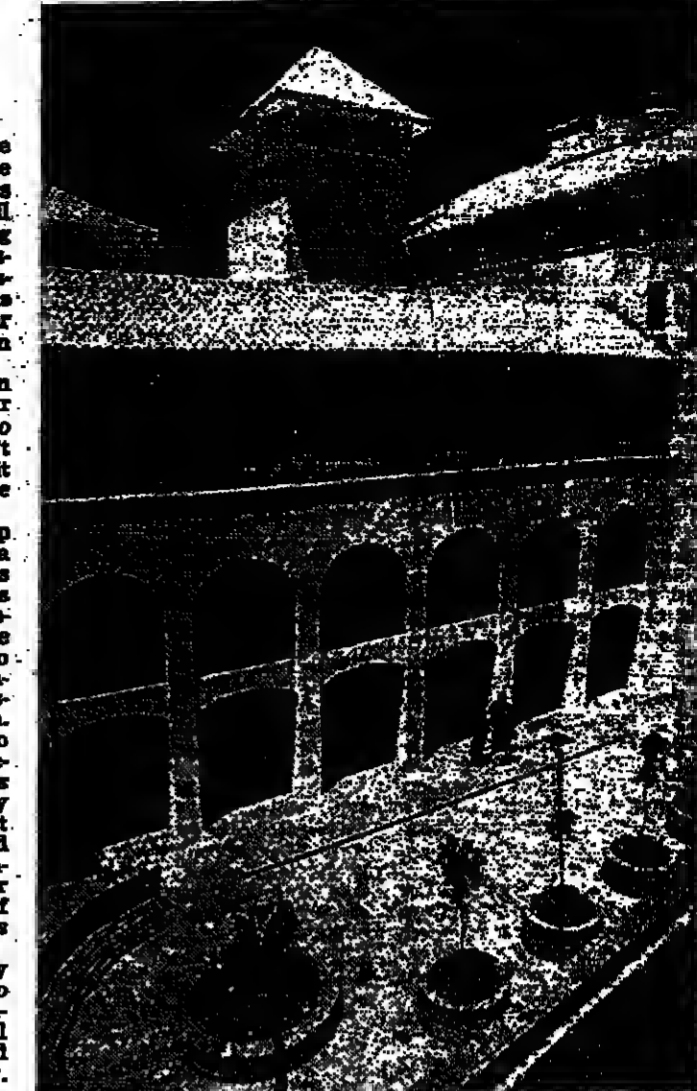
There are, however, reasons for the uncare-for look. During the 16 recession years, when the border with Spain was closed and the colony largely cut off from outside life and tourist income, the business community and hotels suffered. There is also the low-rent problem - replacing the gutting of a house wiped out six years' rent, said one man; and one sitting tenant would allow improvement in case her payments were increased.

Some things are being done, of course. About £1m has been spent on upgrading that famous name, the Rock Hotel, which boasts five stars. And a 150-bed private hospital is to be built at Waterport by a British company. It will surely be welcomed by ex-patriate residents along the Costa del Sol.

Simon Lovegrove, managing director of the developer LJS Health Care of Suffolk, says the hospital will have a range of facilities, including intensive care, four operating theatres and an accident unit. It will also be providing a full nursing service - something not necessarily available in Spanish hospitals. Cambridge Capital is retained as financial adviser and site work should start in the autumn. The hospital will be built on reclaimed land. Gibraltar gives the lie to advice to buy land "because they don't make it any more." So far, it has reclaimed 290,000 square metres (nearly 72 acres). The Government has set up a reclamation company with a Dutch firm, and their efforts have produced 15 acres recently at a cost of £2m. Housing for local residents will be built on part of the land "to meet some of our social obligations," says Trade and Industry Minister Michael Feetham. Other parts are being leased to those prepared to pay the premium asked. Feetham admits that they are making money out of reclamation; however, it should be said that this and other Government joint venture schemes are not popular with the local Chamber of Commerce, which sees them as competing with local firms. Feetham says: "Our strategy is to attract investment into Gibraltar." But the Government wanted international investors and not to depend entirely on British money. There would be Danish, Japanese, some from Finland, a certain amount of Spanish.

The subject of land is anything but straightforward in Gibraltar. You are told that 3 per cent of the land is held in freehold. The rest is made up of MOD land, Gibraltar government land, Gibraltar government leases and MOD leases. You are also told that the armed services occupy about 46 per cent of the area of Gibraltar. The MOD owns the colony's main shopping street, although commercial services share it. (There are plans to improve the terminal.) When land is no longer required by the military, it does not go on to the open market but is made available to the Gibraltar government, which decides how it should be used. However, the MOD says there is likely to be a substantial military presence on the Rock "for the foreseeable future."

Projected re-arrangements



A pavement view of Cornwall's Centre, off Main Street, which includes shops, offices and 24 apartments at a cost of £4.8m.

are likely to free some land in the town centre shortly. The former naval dockyard now operates as a commercial ship repair yard, owned by the government. But it has more space than needed and parts of this are to be taken by government departments now using premises in the town. This will release land in the town centre.

That brings us back to the Rock's accommodation problems. I haven't mentioned re-sale properties, but many tend to be much like the new ones - modern flats, by no means cheap. A studio, fitted and furnished with balcony, in Marina Bay is £85,000; there is parking and a communal pool. A one-bedroom flat with view of the cathedral square is £57,000. A modern three-bedroom, three-bathroom house with drawing room, marble flooring, parking and a view of the straits is £210,000. Some is geared to the investor or developer: £335,000 buys an elderly, three-storey shell that could be extended or demolished and rebuilt as seven stores; £102,000 buys six flats that could be modernised or converted. All the properties mentioned are on the books of FMS Estate Agents in Main Street (tel. 01-830-71428). It also also has a UK office in Maidenhead, Berkshire (0629-776-000). There are 16 estate agents in Gibraltar, a list of which is available from the Gibraltar Information Bureau at 179 Strand, London WC2R 1EH (01-836-0777). The bureau is a government agency and has a range of literature about the Rock as a financial, yachting or holiday centre.

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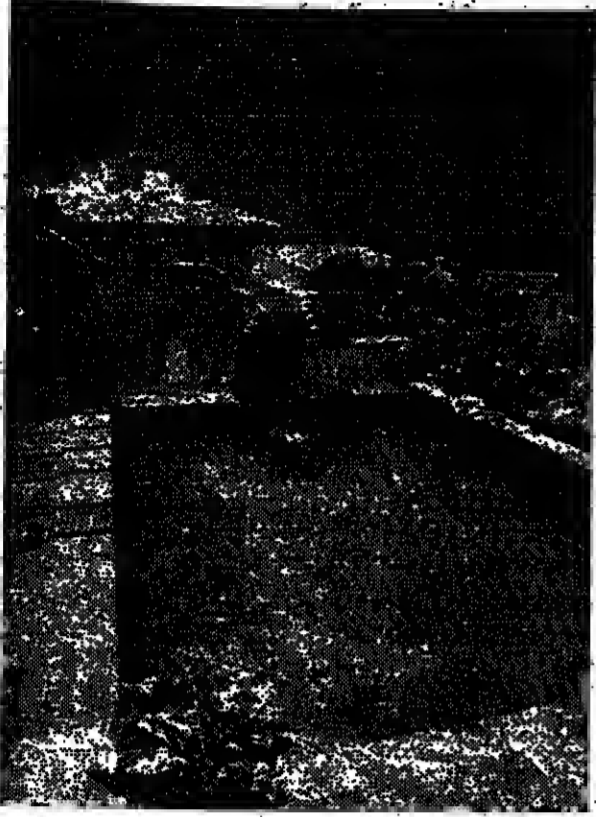
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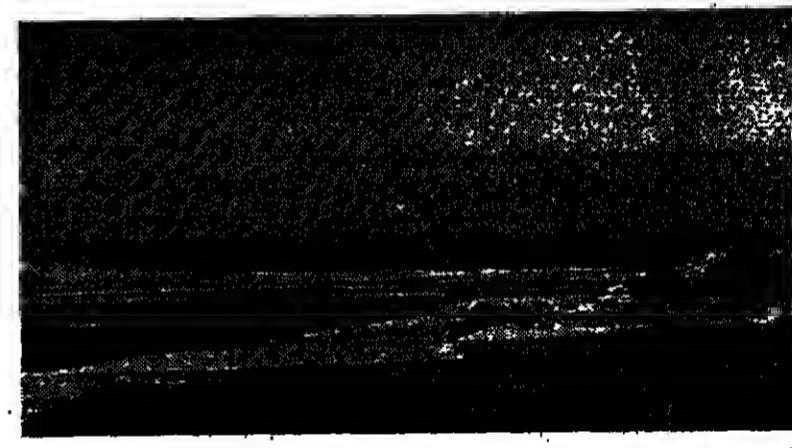
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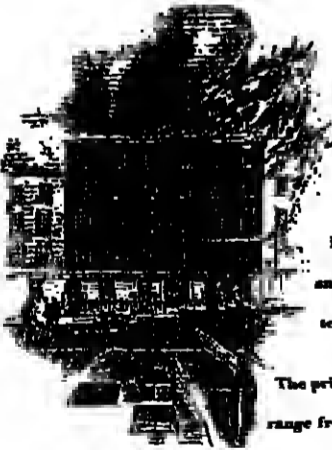
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TELEPHONE: 01-235 6358 FAX: 01-235 6359

John Sale Agents

A DEVELOPMENT BY GREAT PORTLAND ESTATES PLC



**GARDEN COURT**  
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### AN OUTSTANDING DEVELOPMENT OF SEVENTEEN QUALITY APARTMENTS SET IN THE HEART OF COVENT GARDEN

The development comprises 12 x one bedroom, 4 x two bedroom apartments and a stunning three bedroom penthouse overlooking the Royal Opera House.

Amenities include an elegant entrance hall, video camera security system, and a passenger lift to all floors.

For brochure, full details and viewing contact joint sole agents:

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64

ADDISON ROAD  
one of the most prestigious roads in Holland Park

An imposing, detached villa, reconstructed to provide impressive flats of the highest quality -

- With Private car Parking
- Superb Reception Rooms
- 2-3 Bedrooms - 2 Bathrooms

All Amenities

PRICES £275,000-£525,000  
Show Flats Open Sunday 11.00am-4.00pm

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Grosvenor Square, Mayfair, W1 (Just off)



Exceptional property quietly tucked away in this exclusive location just off Grosvenor Sq. The house was built between 1932-35 and is only one of 3 houses approached through wrought iron gates in Lees place with an attractive patio garden to the front.

Accommodation comprises: entrance hall, drawing rm, dining rm, 5 beds, 4 baths, staff accom, kitchen, servery, utility rm, patio garden.

Lease 45 years £950,000

**Elliott Son & Boyton**  
33 Davies Street, Mayfair, London W1Y 1FN  
01-495 8484

**CLUTTONS**

### RIVER VIEWS, KEW GREEN

A delightful Family House with direct views over the River Thames set in an exclusive private residential development.

5 Bedrooms, 2 Bathrooms (1 En Suite), Shower Room/Cloakroom, Drawing Room, Dining Room, Study, Kitchen, Large Entrance Hall, Balconies, Garage, Front & Rear Garden.

Resident's Tennis Court. Full Security.

FREEHOLD £435,000

127 Mount Square, Mayfair, London W1Y 5HA, Telephone 01-493 4155  
Head Office: 41 Berkeley Square, London, W1X 5DR.  
Alden Clarke, Docklands, Kensington, Arsenal, Brighton, Bath, Chelsea, Edinburgh, Falmouth, Harrogate, Haywards Heath, Leeds, Oxford, Wake, Watlington, Dubai, Oman, Sharjah.


**REGENTS PARK, NW1**

A stunning 2/3 bed grid & 1st flr elegant duplex maisonette with superb Park views. Private entrance, 32 ft drawing rm, sep din rm, study/bed 3, full kitchen, 2 en suite baths, cinema, lg patio, com gdn, tile garage, porter.

1/1H 77 YRS SOLE AGENTS £595,000

**CHARGE**  
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**CHESTERFIELD HILL, MAYFAIR W1**



An exceptionally bright period corner house offered for sale on a long lease and ready for immediate occupation.

5 Bedrooms, 3 Bathrooms (1 En Suite), Drawing Room, Dining Room, Superb Kitchen/Breakfast Room, 2 Cloakrooms, Utility Room, Wine Cellar.

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JOINT SOLE AGENTS  
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25 Upper Grosvenor Street, London W1C 2BQ  
Telephone: 01-234 4123 Fax: 01-234 4124

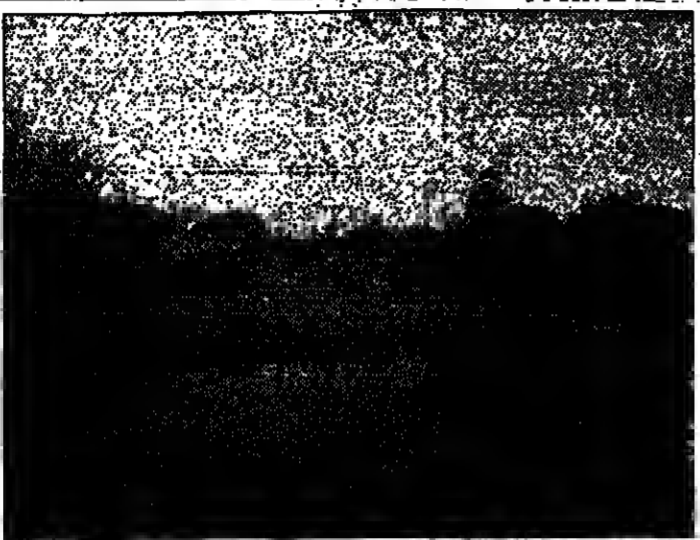


COUNTRY PROPERTY

# SAVILLS

## STAFFORDSHIRE 812 ACRES Chartley

Stafford 6 miles, Uttoxeter 6 miles.  
An exceptional residential and sporting estate.  
The Chartley Hall Estate  
812 acres of rolling countryside comprising a most impressive moated Manor House with an ornamental lake set in beautiful parkland containing the remains of Chartley Castle.  
Attractive farmhouse, 6 cottages, 3 ranges of excellent farm buildings.  
Superb shoot, keeper's cottage.  
For sale as a whole by private treaty.  
Joint Agents: Savills, London. Tel: 01-499 8644.  
Evans & Evans, Stafford. Tel: (0785) 42426.  
Contact: Justin Marling or Katie Armistead.



### FIFE - By St Andrews

St Andrews 2 miles, Edinburgh Airport 56 miles.  
A charming Georgian house, re-furnished to the highest standard, with spectacular views over the surrounding countryside and Fife coastline.  
3 reception rooms, kitchen, office, utility room, cloakroom, TV room, 7 bedrooms and 4 bathrooms. Oil fired central heating. Attractive walled garden. About 1 1/2 acres.  
For sale as a whole with vacant possession.  
Savills, Edinburgh. Tel: 031-226 6961.



### BERKSHIRE - Cookham Dean

Reading 24 miles, Maidenhead 44 miles, M40 (exit 4) 44 miles, M4 (exit 85) 6 miles, London 29 miles.  
An immaculately presented substantial family house standing in a superb elevated location with perhaps one of the finest views in the Thames Valley.  
Drawing room, dining room, sitting room, large kitchen/breakfast room, study, office, playroom, bedroom 5. Master suite of bedroom and bathroom, 3 further bedrooms, 3 further bathrooms. Double garage, swimming pool, garden and woodland.  
About 7 acres.  
Savills, London. Tel: 01-499 8644. Savills, Hove, Tel: (0401) 579990.  
Carter Nicholas Brown.



### WEST SUSSEX About 88 ACRES

#### Nr. Haywards Heath

Haywards Heath 10 miles, Victoria Airport 47 miles, A210213 3 miles.  
Charming family home to a superb setting with 88 acres.  
Main house: Entrance hall, drawing room, dining room, library, study, garden room, 6 bedrooms, 3 bathrooms, 3 secondary bedrooms and bathroom.  
Lodge: 2 reception rooms, 2 bedrooms, bathroom.  
Swimming pool, garage, outbuilding, stable, paddock, ponds, driveway and parking.  
Savills, London. Tel: 01-499 8644.  
Carter Nicholas Brown.



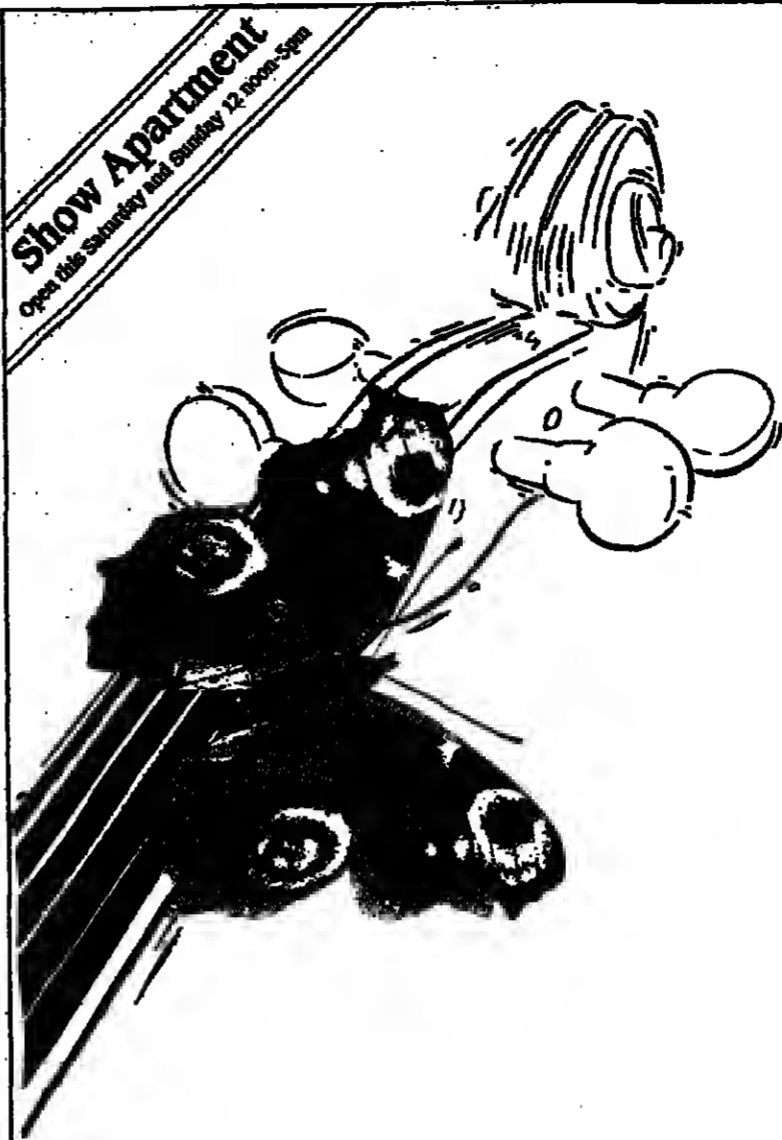
### SUFFOLK About 485 ACRES

#### Lidgate

Worcester 5 miles, London 1 hour, Bay St. Edmund 11 miles.  
A fine residential farm, adjacent to one of Suffolk's most attractive villages.  
Delightful 6 bedroom principal house. Attractive farmhouses, currently comprising 2 semi-detached cottages.  
Two ranges of modern and traditional farm buildings.  
Grade 2 suitable land.  
For sale by private treaty as a whole or in 2 lots.  
Furnished with vacant possession (see for options appropriate).  
Savills, Cambridge. Tel: (0223) 844371.

01-499 8644 20 Grosvenor Hill, London W1X 0HQ

LONDON PROPERTY



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A location where enjoyment of the exclusive on-site leisure facilities provide the harmonic balance to the pressures of today's lifestyle.  
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40 St. Andrew Street, London SW1A 1NS  
Tel: 01-493 8222 Fax: 01-491 3541 Telex 25341

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### 33 WIMPOLE STREET LONDON W1

A stylishly restored Grade II listed building displaying a wealth of expertly restored period detail and providing a selection of highly individual 2 Bedroom Flats and a magnificent 3 Bedroom flat and second floor duplex by Harold's Interior Design Studio.

Impressive Entrance Hall - Daily Portage - Lift - Fully Fitted Luxury Kitchens  
125 year lease Prices from £365,000 to £625,000

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Tel: 01-629 9344

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Tel: 01-499 2888

## LINDSAY SQUARE

Drummond Gate, Pimlico London SW1  
London's finest new homes in an exclusive garden setting

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2pm - 5pm Sunday Tel: 01-826 9920

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The most historic view in London

Set in the heart of historic St James's, two stunning penthouses set on the top of an elegant period building with far reaching views over St James's Palace to the Towers of Westminster and over the rooftops of Green Park. The accommodation, perfect for gracious entertaining or for practical family living, comprises:

PALACE VIEW  
Double drawing room, dining room, master bedroom suite, second bedroom suite, two further bedrooms, further bathroom, kitchen, guest cloakroom. Extensive roof terrace.  
Separate studio and flat.  
24 hr portage and secure parking.

GREEN VIEW  
Double reception room, dining room, master bedroom suite, second bedroom suite, further bedroom, further bathroom, kitchen, executive balconies.  
Separate studio and flat.  
24 hr portage and secure parking.

LEASES OVER 60 YEARS  
PRICES UPON APPLICATION

North-Corbridge-Groves  
01-629 6804

SAVILLS  
01-730 0822

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### 10 HILLHOUSE ROAD, EDINBURGH

This attractive detached family villa on two floors is situated only five minutes from Princes Street in one of Edinburgh's most desirable areas. The property built in 1927 comprises on the ground floor: Hallway, bright bay-windowed Lounge, Family Room, Double Bedroom, Dining Room, Bathroom. Large newly fitted Kitchen with Breakfast Bar, Utility Room. Upper Floor: Hallway, 3 Double Bedrooms, Bathroom and Floored Attic.  
The property has a Double Garage, beautifully tiered Front Garden and Private and Secluded Rear Garden with Greenhouse, Patio Area and picturesque Fish Pond.  
This delightful property is available at offers over £135,000. For viewing by appointment - telephone 031 332 4213.  
For further information contact Fiona Davis, Skene Edwards & Garton WS  
5 Albyn Place, Edinburgh 031 225 6665

## BLISS MILL

AN OUTSTANDING RESTORATION OF A UNIQUE VICTORIAN TWEED MILL

FIRST RELEASE OF 12 EXCEPTIONAL APARTMENTS WITH PRIVATE LEISURE COMPLEX, SET IN THE OXFORDSHIRE COUNTRYSIDE

Built in 1873 by William Bliss II for the weaving of high quality tweeds, Bliss Mill, Chipping Norton was considered a model rural showpiece. Today this cast-iron stone building has been sympathetically refurbished to feature 44 luxury apartments and duplexes. A leisure centre with pool, jacuzzi, billiard room and squash courts has been added to an original building in the landscaped grounds.

Positioned in some of the best of English countryside, yet within easy reach of major motorways, Bliss Mill is the ideal country retreat with all the hard work taken care of. There will only ever be one Bliss Mill, so if you would like to know more about the phase 1 release of 12 apartments please call Savills (Banbury) 0295 3535 or better still, come and see for yourself. Prices in phase 1 from £140,000. SAVILLS

BLISSMILL  
Tel: 01295 1179

## Humberts Residential

### Wiltshire/Dorset Border

Wiltshire 5 miles, Salisbury 5 miles (Waterloo under 2 hours), A303 10 miles

An elegant house on the fringe of the Cotswolds. 5 reception rooms, 5 bedrooms, 5 bathrooms, kitchen, oil central heating, garage. Outstandingly finished cottage. Garden and outbuildings. Paddock.  
Price Guide: £450,000. Freehold with over 2 acres.  
Details: Shaftesbury Office, Tel: (0747) 83462. 12/07/89/MS

01-629 6700

## BIDWELLS 0738 30666

Chartered Surveyors

### MORAYSHIRE

2 1/2 miles, Inverness Airport 20 miles, London Heathrow 1 hr 20 min (Direct flight)

An ideally located residential development opportunity and sporting estate

16 Rooms & Cottages  
1800 acres furnished building 830 acres suitable ground and 336 acres plantation potential.  
1678 semi detached Rowing Cottages. Row four cottages. Pleasantly situated. 2546 acres in all.

FOR SALE AS A WHOLE OR IN 3 LOTS

ON THE INSTRUCTIONS OF THE NATIONAL TRUST TO BE SOLD BY PRIVATE TREATY WITH THE BENEFIT OF A CURRENT PLANNING INFIRM

### Taplow Lodge, Taplow Nr. Cliveden, Buckinghamshire

A SUBSTANTIAL DETACHED PROPERTY TOGETHER WITH A SEPARATE COTTAGE AND OUTBUILDINGS TO BE SOLD WITH FULL VACANT POSSESSION.

FURTHER DEVELOPMENT POTENTIAL EXISTS FOR THE 64 ACRE SITE SUBJECT TO OBTAINING THE REQUIRED CONSENTS.

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COUNTRY PROPERTY

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Superior Holiday Homes from only £25,000

New 2/3 bedroom Holiday Homes in groups of Cornish Manor. Indoor pool and lots of facilities. Full management service. Self financing. CAPITAL GAINS TAX RELIEF

Resales: KENNEDY MANOR, GULVAL, PENZANCE, CORNWALL 0750 6677

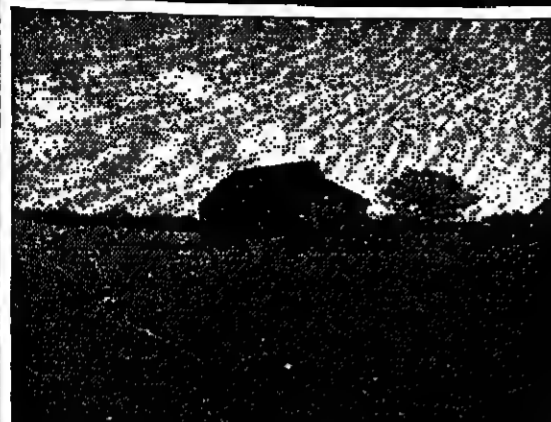
An immaculate split level apartment in a Georgian building beside the park in Richmond upon Thames, with easy access to Heathrow & the city. 2 beds, porter & secure private parking. £180,000 O.N.O.  
Tel: 01-848 7213



COUNTRY PROPERTY

# STRUTT & PARKER

13 HILL STREET BERKELEY SQUARE  
LONDON W1X 5DL  
01-629 7282



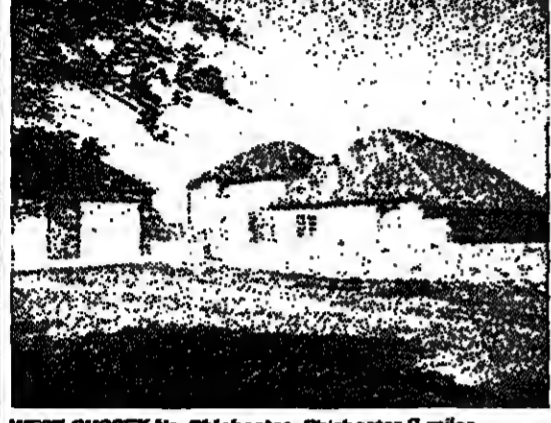
**SUSSEX-Langton, Lewes 7 miles.**  
A fine Grade II listed barn situated in a beautiful rural position with far reaching views to the South Downs. Planning consent for conversion into superb house. Surrounding land for protection & grazing. About 21 acres. For sale by Auction on 7th July 1989. Lewes office: Tel. (0273) 475411. Ref. 604387



**WEST SUSSEX-Hoefield, Brighton 12 miles.**  
Mixed residential farm with spacious farmhouse, farm buildings & block of land. 2 reception rooms, 5 bedrooms. Extensive range of buildings suitable for equestrian use. About 105 acres. For sale by Private Treaty as a whole or in 3 lots. Lewes office: Tel. (0273) 475411. Ref. 604377



**SUSSEX-Hartstmonesey, Eastbourne 12 miles.**  
First class residential stock/halfed farm with period farmhouse & detached cottage. Farmhouse: 3 reception rooms, 5 bedrooms, 3 bathrooms. Cottage: 2 reception rooms, 5 bedrooms. Buildings: Extensive range of stock & corn buildings. About 277 acres. Region £1 million. Lewes office: Tel. (0273) 475411. Ref. 604382



**WEST SUSSEX-Nr. Chichester, Chichester 8 miles.**  
Productive arable farm with refurbished farmhouse, pair of cottages. Situated on Chichester Coastal Plains. Farm house: 2 reception rooms, 5 bedrooms, 3 bathrooms. 3 bedroom cottage, Fertile Grade 2 & 3 land. Gravel/garden purpose buildings. About 480 acres. Region £1.3 million. Lewes office: Tel. (0273) 475411. Ref. 604379



**DEVON, Exeter 26 miles, Taunton 30 miles.**  
Impressive & substantial former vicarage, renovated to exceptionally high standard. 5 reception rooms, 9 bedrooms 4 en suite bathrooms, 4 en suite shower rooms. Coach house, Gardens & grounds. Garaging. About 1 acre. Region £350,000. Taunton office: Tel. (0823) 277261. Ref. 1582348



**SUCKINGHAMSHIRE-Chilton, Amersham 4 miles.**  
A fine Queen Anne house in rural setting. 3 reception rooms, 6 bedrooms, 3 bathrooms. Stabling for 7, sand school. Guest/staff cottage. 2 timber barns. Railed paddocks, gardens & woodland. About 18 acres. Region £380,000. London office: Tel. 01-629 7282. Ref. 14011320



**BERKSHIRE-Binfield, Ascot/Windsor 6 miles.**  
An attractive Grade II listed detached house adjoining wooded farmland with southerly views. 2 reception, 4 bedrooms & 3 bathrooms. Cottage & staff accommodation. 6 loose boxes, swimming pool & tennis court. Garage, paddocks. About 10 acres. London office: Tel. 01-629 7282. Ref. 14011205



**SURREY-Egham, Windsor 5 1/2 miles.**  
Attractive Grade II listed 17th century country house adjoining wooded countryside. 3 reception rooms, master suite of bedroom, bathroom & dressing room, 5 further bedrooms & bathroom. 2 bedroom staff/guest cottage. Gardens & grounds. About 2 1/2 acres. Excess £350,000. London office: Tel. 01-629 7282. Ref. 1401005



**WEST SUSSEX, M11 9 miles.**  
A small modern country house with glorious views. 4 reception rooms, 4 bedrooms, bathroom, 2 shower rooms. 2 Bedrmed cottages. Coach house for further accommodation. 4 acres of garden. 16 acres of woodland. 66 acres of let farmland. 78 acres in all. Region of £700,000. Chelmsford office: Tel. (0245) 258201. Ref. 2407487

## CARTER JONAS

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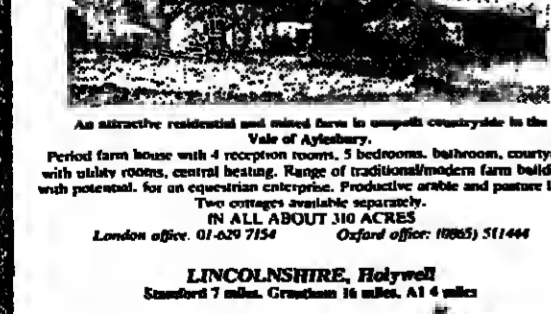
**LEICESTER - RUTLAND**  
Oundle 2 miles, Loughborough 16 miles, Kettering 23 miles (M1 to London, St. Pancras), Peterborough 27 miles



A fine listed country house with valuable grazing land on the edge of a popular conservation village in the heart of the Cotswolds. Tenure: freehold. Hall, three reception rooms, domestic offices, five first floor bedrooms, two bathrooms, two second floor bedrooms, third bathroom. Oil fired central heating. Outbuildings, stabling, farm buildings, gardens, grounds and grazing land. ABOUT 14 ACRES REGION £250,000

Adjoining farmland up to 100-30 acres available in addition if required as valuation. Peterborough office: 0733. London office: 01-629 7134

**BUCKS/HERTS BORDERS**  
Aylesbury, Leamington, Leamington 20 miles



An attractive residential and mixed farm in superb countryside in the Vale of Aylesbury. Period farm house with 4 reception rooms, 5 bedrooms, bathrooms, courtyard with utility rooms, central heating. Range of traditional/modern farm buildings with potential for an equestrian enterprise. Productive arable and pasture land. Two cottages available separately. IN ALL ABOUT 310 ACRES ABOUT 310 ACRES

London office: 01-629 7134. Oxford office: (0865) 511444

**LINCOLNSHIRE, Holywell**  
Scunthorpe 7 miles, Grimsby 16 miles, A1 4 miles



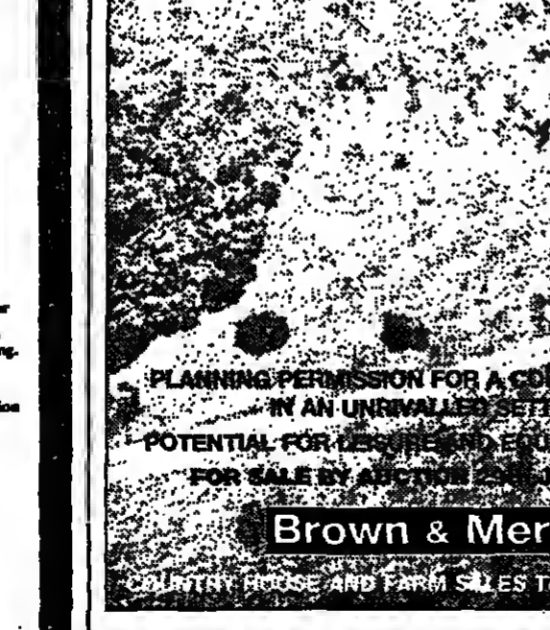
Delightful country estate in a beautiful location with lovely stone-built residence. 4 reception rooms, 7 bedrooms, 4 bathrooms. Attractive gardens, lakes, outbuildings and farm buildings. Period 4 bedroom cottage. traditional range with potential for conversion, arable and pasture land. ABOUT 110 ACRES For sale as a whole or in lots. Peterborough office: 0733 68180. London office: 01-629 7134

London Office: Tel 01 629 7134

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London 32 miles. M1 (Junction 8) 14 miles. Heathrow Airport 40 minutes

**MAGNIFICENTLY LANDSCAPED 18TH CENTURY PARKLAND.**



PLANNING PERMISSION FOR A COLLEGE HOUSE IN AN UNRIVALLED SETTING. POTENTIAL FOR RESIDENTIAL DEVELOPMENT. FOR SALE BY AUCTION ON 11th JULY 1989. 12.30-2.00 PM. BROWN & MERRY

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## Grosvenor House BRIGHTON

Suitable for redevelopment for a variety of uses connected with tourism or the conference centre industry (Subject to planning consent).



CLUTTONS

45 Berkeley Square, London W1X 5DB Telephone 01-408 1010.

## GA Town & Country

### SUSSEX BRIGHTON TOWN CENTRE 2 MILES

A very fine Period House, Listed Grade II\* of Queen Anne origins in a village setting on the outskirts of Brighton.



5 reception rooms, 5 principal bedrooms 2 secondary bedrooms, 2 bathrooms (1 en suite), cloakroom, kitchen/breakfast room. Gas fired central heating. 2 garages. Large secluded walled garden, 2 conservatories, planning consent for 2 dwellings in the kitchen garden. Freehold For Sale as a whole.

Joint Sole Agents: GA Town & Country, Storrington, Tel: (09066) 4342 OR Hamberts, Lewes, Tel: (0273) 478828 London office - Tel: (01) 629 6700

London Office: 22 Grosvenor Square, London W1X 9LE Tel: 01-495 5555

### PRODUCTION AGE, COMMERCIAL CONIFER WOOD

PHEASANT SHOOTING AVAILABLE. SPROXTON WOOD

Near Helmsley, N. Yorkshire

**52 Hectares (130 acres)**

FOR SALE GUIDE PRICE £150,000

**BIDWELLS Forestry**

Trumpington Road Cambridge CB2 2LD Tel: 0223 841841 Fax: 0223 840721

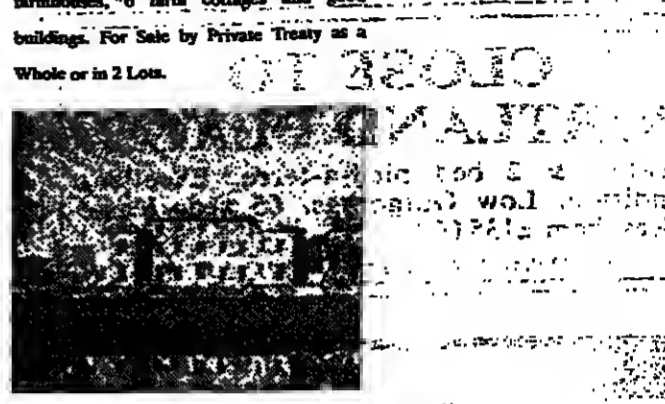
## PAYNE & CO

**LIMPSFIELD HOUSE LIMPSFIELD**  
A very special opportunity. Superb Georgian style family home in delightful setting. 4 Reception + full size panelled Smoking Room + Conservatory, 4 Bedrooms, Dressing Room, 3 Bathroom Inc. 2 Suites, Master designed suite. Approximately 7 1/2 Acres. Colour Brochure - Payne & Co., Oxford Office (0885) 712812

## THE PUSEY ESTATE

PUSEY OXFORDSHIRE

A classic English headed Estate of 1,300 acres in the heart of the Oxfordshire countryside. A fine Georgian country house overlooking renowned formal gardens and ornamental lake. A superb park with well managed woodlands. 7 Houses and Cottages in and around the village of Pussey. Excellent stable and dairy farm with 6 farmhouses, 6 farm cottages and good buildings. For Sale by Private Treaty as a Whole or in 2 Lots.



CLUTTONS SAVILLS

London: Robert Denny Tel: 01-499 4123 Oxford: Miles Tully Tel: (0825) 24641 London: Julia Moxley Tel: 01-499 8544 Bedford: Alan Pugh Tel: (0207) 5252

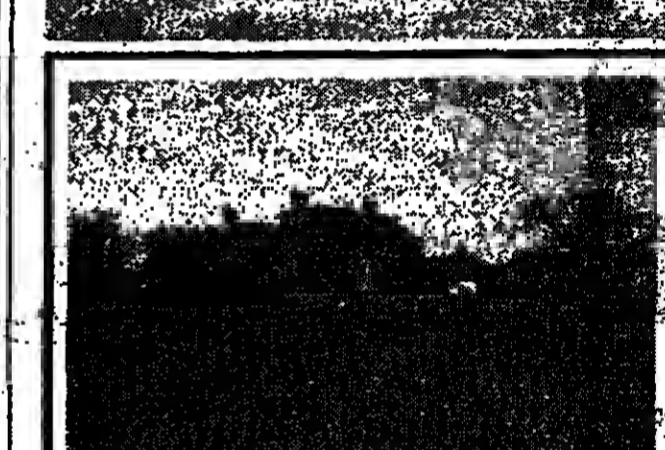
## WANTED

PERIOD COUNTRY HOUSE WITHIN 10-50 ACRES

required by cash buyer - up to £1,000,000. Impeccable financial references available. Vendors, or their agents are invited to submit details to: Box F8879, Financial Times, One Southwark Bridge, London SE1 9HL

## ESSEX

Hallisham - 4 miles Eastbourne - 12 miles



A beautifully situated country estate in an elevated position with outstanding views to the South Downs. THE PRINCIPAL HOUSE: 3 principal bedrooms and bathroom suites, 2 further bedrooms and 1 bathroom. Reception/dining hall, drawing room, sitting room, study/office, cloakroom, kitchen/breakfast room, utility room. Self-contained staff annex. Three car garage. Heated swimming pool and pool house. Most attractive garden.

DETACHED THREE BEDROOM COTTAGE A PAIR OF THREE BEDROOM COTTAGES Two ranges of farm buildings, paddocks, pasture and arable land. In all about 317 acres. Substantial Offers invited for the Freehold LEWES OFFICE: (0273) 471231 HAILSHAM OFFICE: (01323) 60282

FREEHOLD FOR SALE AS A WHOLE

Joint Sole Agents: GA Town & Country, Storrington, Tel: (09066) 4342 OR Hamberts, Lewes, Tel: (0273) 478828 London office - Tel: (01) 629 6700

London Office: 22 Grosvenor Square, London W1X 9LE Tel: 01-495 5555

## PRODUCTION AGE, COMMERCIAL CONIFER WOOD

PHEASANT SHOOTING AVAILABLE. SPROXTON WOOD

Near Helmsley, N. Yorkshire

**52 Hectares (130 acres)**

FOR SALE GUIDE PRICE £150,000

**BIDWELLS Forestry**

Trumpington Road Cambridge CB2 2LD Tel: 0223 841841 Fax: 0223 840721

## PAYNE & CO

**LIMPSFIELD HOUSE LIMPSFIELD**  
A very special opportunity. Superb Georgian style family home in delightful setting. 4 Reception + full size panelled Smoking Room + Conservatory, 4 Bedrooms, Dressing Room, 3 Bathroom Inc. 2 Suites, Master designed suite. Approximately 7 1/2 Acres. Colour Brochure - Payne & Co., Oxford Office (0885) 712812

Upper part of the estate with magnificent view over the surrounding area and along river. Lower part of the estate with magnificent view over the surrounding area. Many beautiful lakes, some of which are used for fishing. There are also many other lakes and ponds. The estate is situated in a beautiful location with magnificent views over the surrounding area. The estate is situated in a beautiful location with magnificent views over the surrounding area. The estate is situated in a beautiful location with magnificent views over the surrounding area.

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ALTRINGHAM CHESHIRE WA14 2LD Tel: 0189 941 5725

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صحنه من الاجل

LONDON PROPERTY

FARRAR  
STEAD  
& GLEN

**LIMESTONE STREET SW15**  
VIEWING HIGHLY RECOMMENDED. Elegant and bright house which has been sensitively and beautifully modernised, situated in the popular area.  
5 BEDROOMS, BATHROOM, ENSUITE SHOWER ROOM, DOUBLE DRAWING ROOM, STUDY/WITH BEDROOM, KITCHEN/DINING ROOM, BREAKFAST ROOM, GCH, PATIO GARDEN. JSA Callender Wright.  
Freehold  
Telephone 01-733 8422

**MOORE PARK ROAD SW6** £250,000  
Charming Victorian house, recently modernised offering generous accommodation on 4 floors with a 1 bed basement flat and pretty sitting garden.  
3 BEDROOMS, 2 BATHROOMS (1 ensuite) DOUBLE DRAWING ROOM, DINING ROOM, KITCHEN, GCH, BALCONY, GARDEN, SEP BASEMENT FLAT.  
Freehold  
Telephone 01-733 8422

**BRAMERTON STREET SW3** £340,000  
Magnificently refurbished mansion with a superb roof terrace overlooking one of the largest private gardens in central London.  
4 BEDROOMS, 2 BATHROOMS, DRAWING ROOM, KITCHEN/DINING ROOM, GCH, ROOF TERRACE, COMMUNAL GARDENS, ENTRYPHONE.  
Lease 92 years  
Telephone 01-733 8422

**GLENDON GARDENS SW7** £230,000  
Attractive and immediately presented 2nd floor apartment with a large roof terrace and wonderful views.  
2 BEDROOMS, BATHROOM, RECEPTION ROOM, KITCHEN, GCH, ROOF TERRACE.  
Lease 71 years  
Telephone 01-733 8422

**LILYVILLE ROAD SW16** £220,000  
Stunning semi-detached Victorian family house, fully restored and modernised to a very high standard with a magnificent conservatory.  
4 BEDROOMS, 2 BATHROOMS (2 ensuite) DOUBLE RECEPTION ROOM, CONSERVATORY, KITCHEN/BREAKFAST ROOM, CLOAKROOM, GCH, CELLAR, ROOF TERRACE, GARDEN.  
Freehold  
Telephone 01-731 4281

**VERNERUST ROAD SW6** £495,000  
Delightful family home in excellent decorative order with many original features and benefiting from 57 sitting garden.  
4 BEDROOMS, 2 BATHROOMS (1 ensuite), DOUBLE RECEPTION ROOM, KITCHEN/BREAKFAST ROOM, DINING ROOM/FAMILY ROOM, CLOAKROOM, GCH, CELLAR, 57 GARDEN.  
Freehold  
Telephone 01-731 4281

**Elizabeth Court, Chelsea.**  
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99 Year Lease

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By Direction of THE CROWN ESTATE

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For further information contact Fiona Davis, Stone Edwards & Gerson WS 5 Albany Place, Edinburgh 031 225 6665

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For further details contact our Knutsford Office Ref: PIAN/89/11 Frank R Marshall & Co 0565 33461

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Lovell Homes London Ltd, Times House, Station Approach, Ruislip, Middlesex HA4 8JA. Price correct at time of going to press. The Illustration is representative of the described house type. Price includes of service charge.

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The Ridgeway is off Hornsey Lane, near the junction with Stanhope Road in Highgate N6. Our showhome is open every Saturday and Sunday from 11am to 6pm. For your illustrated brochure, please telephone Lloyds or Lovell Homes London.

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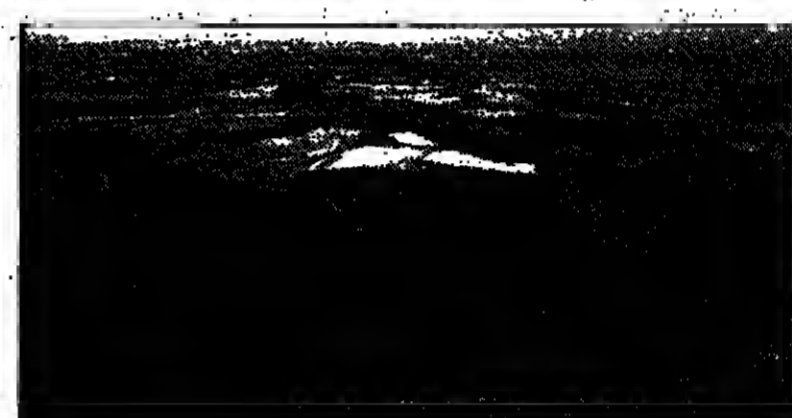
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52 من الاصل



صباحنا من الاجل

# Weekend FT

SECTION II

Weekend July 1/July 2, 1989

## Boat people drift in sea of hostility

**T**hai Hong, a 30-year old Vietnamese sailor, has tried to leave his homeland and become a refugee several times in the past few years. Each time, he has been caught and punished. One day at the end of May, he and 97 other Vietnamese boat people found the answer: they paid officers in the Vietnamese army seven tons of gold to help them.

The gold - worth more than \$2,000 - bought them a four-hour trip in an army truck out of the port city of Hai Phong. They were put in a boat (which normally costs about one ton of gold per passenger) and towed out to sea by an army launch until they reached China's territorial waters. There, the escort job complete, the boat was cut and the boatload spent 23 days sailing to Hong Kong, stopping every night in Chinese coastal villages where they sold gold to buy provisions and oil.

Thai Hong and his friends were part of the 19,000 Vietnamese boat people who have flooded into Hong Kong during the past two months. Many have had help from corrupt Vietnamese government officials and army officers. They come in boats carrying anything from seven or eight to 200 people. All stop en route in China, which never lets them stay. But since the easing of Vietnamese-Chinese relations, some have even travelled part of the way by land through China.

Most are a foot's errand. They are seeking an escape from the drudgery of their war-torn and poverty-stricken country, and they have been seduced by tales of excitement and a glittering future that lies beyond Hong Kong in the US, Australia, or some other friendly country. But it is, as Hong Kong government publicity material puts it, a "voyage to nowhere" because they have arrived too late. After 10 years of sympathy for their plight, the world has had enough of coping with an endless tide of boat people.

Because of the money needed, those who leave are not the poorest; instead, they are people who can raise the gold to invest in the purchase of a new boat. About 30 per cent of them are children and most are under 35. Only about 10 per cent (it was 30 last year) have come from the south and could have faced political persecution because they worked for the former anti-communist regime and its supporting US, Australian and New Zealand forces.

Hong Kong, faced with its own problems of preparing for its return to Chinese sovereignty in 1987, has taken the lead in developing new policies to clear more than 47,000 boat people now in its territory and stop the flood of new arrivals. (The United Nations took this up at a Geneva conference earlier this

month). So, the best for which most can hope is a few months - perhaps a year or so - of life behind high, barbed-wire fences with the colony's forbidden glitter only a few miles away. Then, they will be handed onto aircraft for Vietnam. An initial plane load of 142 Vietnamese has gone already; plans for hundreds more to be sent back have been discussed this week in Hanoi by the Vietnamese and Hong Kong governments, and in London by British Foreign Secretary Sir Geoffrey Howe and his Vietnamese counterpart, Nguyen Co Thach.

There are now about 90,000 boat people scattered around South-East Asia, with sizeable numbers in such countries as Thailand and Malaysia. Of Hong Kong's total, nearly 14,000 are recognised as refugees entitled to re-settlement in the West. But Hong Kong stiffened its policy on June 16 last year. It said it was revising its role as a country of first

asylum and would accept as refugees only those people who could prove in a screening process that they feared political persecution. This ended nine years of special treatment for the boat people, all of whom were accepted previously as refugees under a 1979 international agreement. The United Nations High Commissioner for Refugees (UNHCR) has now accepted Hong Kong's line, which is also being applied by other countries. This means that almost all the remaining 33,000 in Hong Kong will not qualify and face being sent back to Vietnam.

There are several reasons for the rough treatment given to the boat people. Hong Kong's Legislative Council has made it clear it will vote no more funds for them, having spent HK\$20m since 1979. (The voting of expenditure is the only Legislative Council power that cannot be over-ruled by Sir David Wilson, the British Governor.) There is also resistance to them being housed in built-up areas which already have some camps. New problems of preparing for its return to Chinese sovereignty in 1987, has taken the lead in developing new policies to clear more than 47,000 boat people now in its territory and stop the flood of new arrivals. (The United Nations took this up at a Geneva conference earlier this

**John Elliott begins a series on world refugee problems that continues in the FT's foreign pages next week**



Facing a future full of doubt... a young Vietnamese refugee awaits her fate in Hong Kong

Soon after the warning to Hanson, a 30-knot Hong Kong marine police launch eased its way out of the colony's crowded Aberdeen harbour the third to go out that day. Thirty minutes later, near Lamau island, it drew alongside a tatty-looking boat with torn sails, men, women and babies almost spilling over its sides. Some sheltered from the rain under a rough wood and canvas cover. There is a new policy in force in Hong Kong: a police boat should in Cantonese and Vietnamese through a loud-hailer. "You are free to leave Hong Kong with food and water and your boat will be repaired. If you do not leave and are found to be an economic migrant, you will be detained pending repatriation to Vietnam." Few aboard appeared to be listening. Indeed, hardly any boat people ever decide to sail on - Hong Kong is their initial target, and they intend to stay. A week ago, one group opted to go to South Korea to find relatives, but that is rare.

One by one, the Vietnamese stepped across on to the police launch, some carrying their belongings wrapped in plastic sheets or blankets. They were searched and told to sit in the stern. Their boat was towed away to be burned and they were taken to Tai Ah Chan island which, in the past month, has become one of the worst squalor stews in the area. Tai Ah Chan is part of the Soko islands, a small,

grassy knoll on the edge of Hong Kong's territorial waters. It is half-owned by Hongkong Land, part of the Jardine group, which thought earlier in the 1980s of turning it into a holiday resort or a high-class recreation area. For the past month, though, it has been used to dump up to 5,000 boat people because the colony has run out of covered accommodation.

A Union Jack flies on a crumbling jetty building above a landscape covered with empty food cans, litter, sewage, and all the other signs of a squatters' settlement. People crouch in the ruins of an old fishing village and under temporary ramshackle canvas shelters, surrounded by filth they make no effort to remove despite the health hazard which is worrying relief workers. When police asked their leaders to "organise a clean-up, they replied: 'Cigarettes first.'

During the past month, they are alleged to have stolen at least 700 garoupa from local fish farms and to have polluted the rest. They have killed and barbecued two semi-wild cows and fought over the meat. Two men and a girl have vanished. One person has drowned. There are fights every day over food: official rations are portions of tinned baked beans and macaroni, orange biscuits and milk. After one food fight, a man went to hospital, his head

bashed by a hammer.

After a time in such makeshift arrival centres as Tai Ah Chan, or dirty, rusting old ferry boats near Hong Kong's massive container terminal, the Vietnamese go on to more permanent camps. One is at Sham Shui Po in Kowloon. Sited in the middle of a densely-populated area, this is an old army barracks, surrounded by 18 ft-high barbed-wire fences, which was a notorious prisoner-of-war camp during Japan's 1941-45 occupation of the colony. Huge airframes lumber overhead deafeningly on their final approach to Kai Tak airport.

Sham Shui Po contains 4,000 potentially illegal boat people and 2,500 accepted refugees. The locals complain about noise and hygiene and are also sometimes jealous of the fact that about 1,400 of the refugees go out to work and earn HK\$3,000-5,000 a month in garment factories, bakeries and hotels. (There are 5,000 Vietnamese working in different areas, helping to ease Hong Kong's serious labour shortage.)

Thai Hong told me his story standing by his family's home - two bunks of 4 ft by 6 ft board, with 3 ft of headroom, arranged in a huge old army tank maintenance factory that now houses more than

2,000 potential illegals in hot, crowded, noisy conditions. How do they spend their time? "We eat, sleep - what else can we do?" Some play volleyball and other sports.

On the refugee side of the camp, Thi Hong, a 24-year girl dressed smartly in pink shirt and blue jeans, sat with her younger sister on their shared 6 ft by 4 ft 6 inch bunk learning English. Both former prisoners-of-war camp during Japan's 1941-45 occupation of the colony. Huge airframes lumber overhead deafeningly on their final approach to Kai Tak airport.

On the next bunk was Thi Kim Liet, who arrived a month earlier and also qualifies as a refugee. She has a five-year old son and a five-month old baby born in Hong Kong. Her husband left their boat just before it sailed. "I don't think I shall see him again," she said. "I am waiting to be re-settled."

Outside the dormitory, Le Thi Van, 30, runs a stall selling soft drinks, biscuits and other provisions. She says her profits are "a secret" but admits to earning more than a factory worker. Her husband is also employed in a supermarket. There is a lot of crime. "They are

violent people - it is primitive violence," said one guard. In Sham Shui Po, there have been three murders and many injuries. There were 100 criminal cases during the first three months the camp was open. Every few weeks, security forces sweep through all the camps, collecting a wide range of lethal, home-made weapons.

As the screening shows, few of the boat people are fleeing from political persecution. Some from the south say their children will be banished from schools because they worked for the Americans (although that raises the question of the dividing line between discrimination suffered by minorities all over the world, and persecution). Others qualify clearly, though.

Thi Hong, a 34-year old marine technology lecturer from Hai Phong, is one: his family has been hunted ever since his grandfather was a high provincial official under French rule before 1945. He arrived on July 21 last year, around a month too late for automatic refugee status, but he will probably be cleared.

Until recently, it was argued widely that, in order to allow such people to escape persecution, the world should act as host to the rest of the boat people. About 1.5m people have come out of Indo-China on that principle, but the mood has now changed because of the huge numbers still involved and because the political situation in Vietnam has changed dramatically.

The recent conference in Geneva decided to accept Hong Kong's screening system and agreed on an emergency three-year re-settlement in the west for 56,000 recognised refugees in the region, including the 14,000 in Hong Kong. Some of these people have been in camps for up to eight years because they use a criminal record or seem unemployable and no country wants them. A special effort is to be made to accommodate them.

All newly-qualifying refugees are to be re-settled within three months, and countries such as the US are to double from 3,000 to 6,000 the annual quota of immigrants they accept direct from Vietnam under what is called the "orderly departure programme." That should slash the huge backlog and curb the frustration that often makes people take to the boats.

The UNHCR is also to launch a propaganda campaign in Vietnam and, more importantly, among communities of Vietnamese living overseas with the message that there is no life in the West for boat people who are economic migrants.

Repatriation to Vietnam of more than 35,000 potential illegal immigrants (32,000 of them in Hong Kong) is also to be speeded up. Vietnam has so far agreed to accept only volunteers - but it knows it must go further if it is to receive substantial economic aid from the West for urgently needed national reconstruction after the expected withdrawal of its troops from Cambodia later this year. That will mean it must drop its objection to forced repatriation and accept something similar to Hong Kong's compulsory repatriation of illegal Chinese immigrants.

### The Long View

## Inflation as both friend and enemy

**T**HE BUNDESBANK spoiled the party this week, clawing the UK equity market back from its post-crash high. Sterling's weakness - it has depreciated by 7 per cent since the first half of 1988 - seems to worry the market less than the possibility that measures might need to be taken to support it.

Can we, therefore, assume that investors have learned to live with inflation? In the past, it has proved to be a decidedly mixed blessing for the equity market. Until the early 1970s, equities were seen as offering a hedge against inflation. But when inflation accelerated in the mid-1970s, equities were undermined dangerously. The big bull market of the mid-80s developed as inflation fell to historically low levels. Generally speaking, a little bit of inflation helps equities but a lot damages them.

Although the increase in the Retail Prices Index might edge down slightly in the latter part of 1989 because of year-on-year effects arising from changes in mortgage rates - which at least will not be going up as fast as in 1988 - corporate sector inflation will be a different matter. Wage inflation might well be around 10 per cent, which could prove serious for unit labour costs if output slows and productivity gains come to a halt. Meanwhile, higher import costs will be feeding through.

If they haven't done so already, the time has come for



So far, accelerating inflation has had little apparent effect on equity market sentiment, but it is becoming prudent to study the historical precedents

When the present Chancellor, Nigel Lawson, restructured the corporation tax in 1986, he abolished stock relief and failed to make any other provision for inflation - which was, you remember, never going to trouble us again. The corporation tax take has subsequently rocketed from £20m to £180m.

Most companies pay a nominal rate of 36 or 37 per cent, but this will rise quickly to an effective rate of well over 50 per cent as the corporate sector inflation climbs.

We are still stuck with an accounting system which fails to allow for the extra cost of replacing physical assets - whether stocks or plant and machinery. Early in the 1970s, when inflation was roughly what it is now, rising prices pre-empted around 30 per cent of profits (before interest, but after tax). By the late 1970s, 50 per cent of profits were being absorbed in this way despite Healey's concessions.

Fortunately, there are some reasons why the impact is unlikely to be so severe in today's conditions. For one thing, industry holds lower inventories than it did thanks to better control and the spread of techniques such as just-in-time sourcing the stock to output ratio has fallen by about 15 per cent since the 1970s. More importantly, managers have been made aware of the problem and won't die of ignorance. There will be no more cases like British Leyland, which effectively became insolvent in 1974 without ever declaring a loss or failing to pay a dividend.

Managers can take action - which, essentially, means putting up their selling prices faster. This has a healthy message for companies but not for inflation in the short term, or for export volumes given that

manufacturers will operate on the basis of more stringent rate-of-return objectives.

Whether such objectives can be met, however, might be another matter entirely. One sector exposed particularly to competitive pressures is banking, where the danger arises from holding substantial net monetary assets. Inflation tends to lead to high interest rates which increase the nominal return on these assets - but it is appropriate to make a parallel provision to account for the corresponding erosion of real value.

For the sake of topicality, take the example of Abbey National, with some £20m of net monetary assets post-inflation. On the basis of 8 per cent inflation, the adjustment on that is £160m, a third of forecast *pro forma* pre-tax profits (or three-quarters of retained profits). Needless to say, you won't find any indication of the impact of inflation in the 82-page Abbey National prospectus.

Maybe a temporary inflationary blip can be ridden without too much trouble. But several years of moderately high inflation would pose a problem for many companies, by raising sharply their demand for extra working capital from the banks. It is interesting to speculate how bad it would have to be for the Treasury to swallow its pride and resuscitate stock relief, or for the accountancy profession to wake up to its responsibilities.

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MARKETS

LONDON

# Summer clouds end a reign of optimism

**WAKY, WAKY.** Traders awoke from their midsummer night's dream this week to discover that the British summer was back to normal and the British economy is still in difficulty.

These traders who sought to swoop in the sun at the traditional summer season events of Wimbledon and Henley found that the May/June hot spell had given way to rain. Another combined London Underground and nationwide rail strike, with further stoppages planned every Wednesday, did nothing to brighten their day.

Meanwhile, traders' enthusiasm for equities was dampened as interest rates rose throughout Europe, with potentially dire implications for sterling - and the OECD predicted that Britain will have the 67th highest rate of inflation and lowest rate of growth in 1989/90.

Early in the week, traders were still enjoying the last leg of a bull phase that had taken the FT-SE 100 index up 120 points since early June. Wednesday's trade figures, which revealed a better than expected May current account deficit of £1.82bn, pushed Footsie up to a post-Crash high of 2205.

However, it did not take much thought to realise that the optimism had been overdone. Inflation is running at 8.3 per cent and has not yet peaked, the trade figures still represent an annualised deficit of £1.6bn, and sterling is well below the levels which prompted Chancellor Nigel Lawson to increase base rates in May.

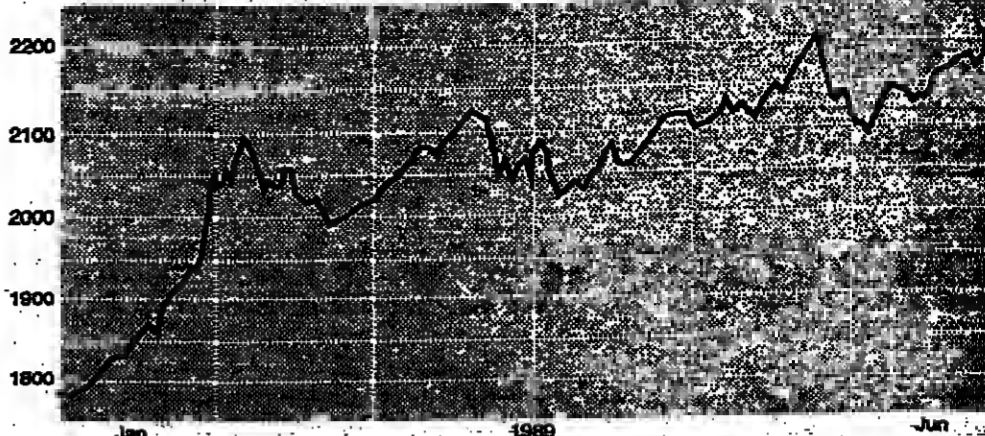
The OECD is forecasting that UK inflation will average 6.75 per cent this year and 5.75 per cent next, whereas economic growth will slow to 2.25 per cent next year after 2.25 per cent in 1988. It may be some time before "conditions are right" for Britain to join the exchange rate mechanism of the European Monetary System.

On Thursday, the markets were faced with a co-ordinated rise in European interest rates, led by the West German Bundesbank.

The news depressed Wall Street, which was already worried about a US economic slowdown; Tokyo was suffering from the "prime minister and the gas" political scandal; in the circumstances, it was hardly surprising that Footsie shed 27 points on Thursday and a further 33 points by Friday afternoon.

It was a bad week for a stock market flotation, particularly

FT-SE 100 Index



one of the size of Abbey National, the first building society to convert into a public company. TSB, the banking group which floated in 1986, set a dismal precedent for Abbey when it reported a 22 per cent decline in pre-tax profits on Thursday. Abbey and TSB have some distinctive similarities.

But it seems as if the FT marketing programme and an attractive share price has lured enough small investors to make the Abbey issue a success, with indications that it was two times subscribed. That should - disasters permitting - allow a healthy premium in the aftermarket.

A successful Abbey float will be a great relief to the Government, which, with the water and electricity industries still to privatise, needs the concept of popular capitalism to thrive. As the sell-off of water in November gets nearer, the size of the offer (which could be as much as £5bn to £7bn) is likely to prey on investors' minds.

All this gloom indicates that the travails of City market makers may be far from resolution. Yesterday, Smith New Court, the former jobber, reported a £12.6m loss in the year to May, prompted by two obviously disastrous trading months in November and December. SNC said that had it had costs without shedding staff.

If Smith New Court is losing money hand over fist, then what can be happening to many of the lesser market-making names?

An answer was provided on Thursday, when Swiss Bank Corporation shed 90 jobs in London in a cut-back of its market-making operations. SBC had acquired stockbroker Savory Millin in the run-up to Big Bang but the move proved ill-judged - last year, the London investment banking arm lost £21m and Savory Millin lost £2m.

Apart from TSB, the two big results announcements of the week - GEC and RFB - each showed pre-tax profits increases of between 10 and 15 per cent, a respectable but hardly fantastic improvement.

There has been a steady drip of profits "warnings" from various company chairmen. This week, Interlink Express, the parcel delivery group, and Allied Restaurants, the Wimpy franchisee, joined the list and a number of companies such as Harmony Leisure and Stoddard Sekera also reported losses or lower profits. As the bad news mounts up, analysts will gradually reduce their forecasts for earnings growth and shares will begin to look more expensive.

At least Gateway is providing traders with something to smile about: it seemed for a

FINANCE & THE FAMILY: THIS WEEK

### The leaders and laggards

It has been a profitable six months for investors in UK equities - but what will the next six months bring? Philip Coggan looks at the leaders and laggards among the companies. Page III

### Fluctuating fortunes

Next week's results show ups and downs for the companies concerned, among them First National Finance Corporation, Empire Stores, Scottie & Newcastle Breweries and Fitch Lovell. Page IV

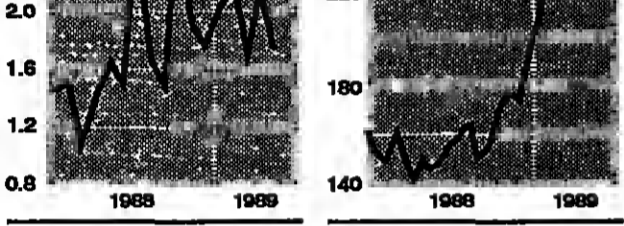
### Insure - and travel right

It's holiday time again - but are you sure that you are covered against disasters such as injury, loss of travel money or cancellation? Mike Leonard advises on what to look for to ensure your peace of mind. Page V

### Minding your own business

MYOB goes north, where Ian Hamilton Fazay reports on a "mini-conglomerate" run from the former dining room of a family house in Harrogate. Plus the first in a series on the relevance of the professions to small businesses. Page VII

### UK trade deficit



### Trade figures for May seen as 'encouraging'

The UK May trade figures released this week were the most encouraging set of data released for some time. The current account deficit at £1.3bn was well below the figure most in the City expected and asset prices rose accordingly. The figures showed that there had been virtually no growth in imports last month, whilst exports rebounded strongly.

The UK, however, still has a long way to go before its trade account returns to balance. Annualising the deficit in the three months to May gives a trade shortfall of £17.6bn for the year, which is hardly an encouraging prospect. Simon Holberton

### GEC brings cheer to market

One of the few encouraging factors in the stock market in the latter half of the week was an excellent trading report from GEC. A higher payout on profits, which were up 13 per cent and well above expectations, sent analysts hurrying to their calculators to upgrade forecasts for the current year. The shares gained nearly 5 per cent over the week, moving against the market trend. However, the near-term outlook remains dominated by the prospects for news on the Ministry of Defence talks on the GEC/Siemens approach to Plessey. The market would like to see a renewed bid by the middle of July, but summer draws on and there seems little sign of urgency. Terry Byland

### Mortgage rate rise for some

Some of the leading mortgage companies decided to push up their interest rates this week to between 14.65 per cent and 14.95 per cent, raising the monthly burden for many thousands of homeowners. Although mortgage companies like Household Mortgage Corporation and National Home Loan Corporation have held their rates down since May, when the base rate increased to 14 per cent, they have now been forced into a rise. Sara Webb

### Better rates for savers

Building society rates to savers have begun to edge upwards. This week Skipton Building Society announced that it is to offer interest of 11 per cent net (14.67 per cent gross) on deposits over £1,000 placed in a limited issue account known as the Skipton Fixed Rate Bond. Funds deposited in the new accounts cannot be withdrawn until after June 30 next year.

Cheltenham & Gloucester has raised interest paid on its London Share Account, its top-paying postal account, to 10.75 per cent. The account offers savers instant access to their funds, but a minimum investment of £2,500 is required. The account is available as a postal service only though investors can apply for it by calling Freephone 0800-373900. A little unexpectedly, both societies say that they need additional funds from savers for extra mortgage lending.

"Our mortgage lending is currently 60 per cent up on a year ago," says Terry Addams, general manager of Skipton. David Barchard

### Mixed news on house prices

Average house prices were 26 per cent higher in the second quarter than in the same period last year, according to figures from the Leeds Permanent Building Society. However, it adds that the growth rate is still falling and was very low in the second quarter, with house prices only increasing by 3.6 per cent compared with the first three months of the year.

House prices in the south west of England actually dropped 2.3 per cent compared with the previous quarter. SW

### HIGHLIGHTS OF THE WEEK

	Price	Change	1988	1989	
	1/2 day	on week	High	Low	
FT-SE 100 Index	2151.0	-16.5	2209.4	1762.5	European interest rates rise
Asotex & Hutchison	225	+25	245	181	Week sterling helps boost sales
Caltex	593	+105	600	485	Sir Ron Brerley buys 23.65% stake
Cairn Energy	280	+37	280	180	Allocation of North Sea oil licences
Chemox Int'l	280	+19	290	223	Bumper annual profits
Craton Lodge	55	-10	75	55	Discloses first-half loss
Debenhams Texton	165	+23	180	130	Annual profits improve 67%
Enterprise Oil	580	+25	595	418	Allocation of North Sea oil licences
GEC	255	+11	260	187	Results above expectations
IOM Steam Packet	568	+55	575	323	Follows bid for Red Funnel ferry line
Racal Telecom	401	-45	557	158	Competition prospects
Rank Organisation	995	+29	1055	721	Sony stakeholding bid/cutback pt broken
Securicor A	563	-105	955	337½	Cellular telephone competition fears
Total	118	-10	144	117	Costs Vivalda bid referred to MMC
Ward White	325	+18	326	196	European Consortium bid speculation

### FOR ONCE, American investors appear to be too gloomy.

Suddenly the market commentators are screeching about recession and Wall Street analysts are rationalising the sudden collapse of equity prices as a response to the falls in durable goods orders and leading indicators announced in the last few days. Is it really possible that the US economy is about to plunge into recession, when only a few months ago excessive employment, growth, inflation and a record stock market seemed almost inevitably to be ahead?

Probably not. Above all, because the policy makers in the White House and the Federal Reserve Board will do everything in their power and will take almost any risks to prevent the country falling into recession between now and the mid-term Congressional elections in November next year.

Why, then, is everything suddenly for sale on Wall Street, with no buyers in evidence?

Reasons for the sudden fears relate at least in part to memories of Black Monday. While Wall Street decided about a year ago to act as if this nightmare never happened, the skeletons are still rattling in the cupboards and threatening to fall out at any moment.

This is clearly true on the technical level. The programme trading which played such an important part in magnifying the market collapse two years ago, and which was subsequently limited by the New York Stock Exchange authorities, was subsequently unleashed again as the brokers' greed for commissions overcame their fear of another crash. Indeed, the NYSE displayed wonderful gallows humour when it selected October 19 1987, the anniversary of Black Monday, as the date for removing all limits on programme trading.

Needless to say, programme trading has been a powerful force both in the market's collapse during the past few days

and in the explosive rallies which pushed equities prices to their recent highs.

Second, the 120-point dive in the Dow Jones Industrial Average since it hit its post-Crash peak last Friday was obviously reminiscent of the 177-point fall in the nine days immediately after the all-time high of 2,722, hit on August 25. That time, the market stabilised around the 2,500 mark and later recovered to within 3 per cent of its peak. The debate that followed is familiar and the memory of it could make a rapid recovery more difficult this time round.

Despite these parallels, however, the short-term prospects for the market do not seem nearly as dire today as they were in the summer of 1987, for economic and financial fundamentals today are almost exactly the opposite of those that precipitated the 1987

Crash.

In the summer of 1987 interest rates were clearly on the rise, negating one of the main motives forces of the great bull market which began in 1982. The market, however, contented itself for a while with a perfectly reasonable alternative. Equity prices could rise, even though money was getting more expensive, because the growth of corporate profits and dividends was taking off as the economy gathered strength in 1987 and 1988.

Initially, the prospect of growing profits did not prove reassuring enough and stock prices collapsed on Black Monday. However, the rapid growth of earnings and dividends after the Crash did put an unexpectedly solid floor under the market and ultimately powered its recovery.

Today the opposite is true. Interest rates are falling as the

### WALL STREET

## The skeletons still rattle

Small chains of pubs can't claim to be friendly, local and highly traditional, but an equally accurate, though perhaps less cultivated, image is that they are fast-moving, entrepreneurial and highly vulnerable to staff defections.

This, at any rate, was the picture that emerged this week from the separate but inter-related tales of Harmony Leisure and Tavern Leisure.

Tavern Leisure has just earned a place in the record books through raising £5m in the largest issue yet seen on the Third Market. Dealings in its shares started this week, and by Friday enjoyed a 37 per cent premium to the issue price.

In contrast, Harmony Leisure, a USM-quoted pub and restaurant chain, struck a less happy note when it announced that it had plunged into the red - a fate it indirectly blamed on the defections of staff, computer who moved to Tavern Leisure.

For Stanley Lever, Harmony Leisure's chairman, it was the first setback of a long career which had included a directorship of Trusthouse Forte.

The problem, he said, resulted from a disruption of financial controls following the departure of more than half the accounts team who left last year to join Tavern Leisure. Harmony also lost Robert Halsey and Geoffrey Rout, respectively finance director and operations director, who had been the chairman and managing director respectively of Tavern.

The effects of staff changes were compounded by a major computer breakdown in December.

This meant that the company failed to notice a downturn in trade and an overrun of costs at some pubs. The company clearly feels that it has not got to the bottom of the matter. "We are continuing to investigate matters with our auditors," says Lever.

Looking ahead, however, Lever is optimistic. "The three years we have now been turned round and the company itself is in a very healthy state," he says.

Sales in the first quarter are set to be 27 per cent up on last year and he intends to release audited profit figures for the period in an attempt to restore shareholder confidence.

He is also enthusiastic about the possible consequences of the Monopolies Commission report. "As an independent free trader enjoying good trading relationships with many different retailers, opportunities for acquisitions will increase," he said.

Robert Halsey echoes Lever's faith in the underlying business of Harmony - "I've given three very hard years of my

### JUNIOR MARKETS

## A hangover at Harmony

life to it and I left it in a strong position," he said. "As a pub and restaurant operator it is second to none."

He does not want to comment on the "horrible pickle" that Harmony found itself in after his departure. This, he emphasised, was entirely unavoidable.

"It was public knowledge that I wanted to go and do my own thing," he says.

Tavern originally got off the ground with borrowed money and £500,000 of money raised under the Business Expansion Scheme.

Its flotation has helped it raise funds to expand from its existing base of 11 "oldie" pubs offering real ales and enticing food. "It is a very simple formula. We don't reinvent the wheel," says Robert Halsey.

Another USM company to announce a lurch into loss this week was Craton Lodge & Knight, which reported a loss of £57,000 for the six months to end-March, compared with a profit of £73,000 for the same period of a year ago.

If joined the USM in 1984 as a specialist in new product development. As such, it gave advice to the manufacturer on the appearance and packaging of new products, such as Cadbury's Wispa chocolate bar.

Recently, however, it has taken the view that its existing market of UK companies operating in the UK was too restrictive for long term growth. As a result, it has turned its attention to the Continental Europe and Eastern Bloc markets.

In the USSR, the company has professed advice both to Soviets trying to export and to Western companies trying to enter the Soviet Union. But although the perestroika policy of Mikhail Gorbachev has undoubtedly provided opportunities, Craton still has to contend with a wealth of political, bureaucratic and currency problems.

The upshot is that the company has suffered significant delays in extracting revenues from its Eastern European operations, which have been burdened with heavy start-up costs.

As a result of the funds needed for the operation, it has taken the view that it needs an injection of cash from another source. Talks are at an advanced stage with a third party, it said.

Whatever the outcome of this transaction, the company can take a certain amount of credit for its pioneering spirit. For shareholders, though, it may not be clear whether that makes up for the lack of material rewards. Thursday's news resulted in the shares slipping 11p to an all-time low of 50p, less than half the original issue price.

# Gloom, but not yet doom, for new-look TSB

THE HOPEFUL thousands who sank part of their savings in the shares of TSB Group when it was floated in 1986 can be excused if they now feel more than a little jaundiced.

Three years on, the share which seemed to promise such great things is worth only 8.5p more than the offer price. Even though the market as a whole has moved up about 20 per cent this year, TSB's performance has remained doggedly flat.

Flat, that is, until Thursday's news that pre-tax profits in the six months to April 30 had slid by 22 per cent. At that point, TSB shares tumbled 6.5p. A further fall could take the shares back down below the issue price.

So a number of unwelcome questions are staring TSB investors in the face. Why has it done so badly? Is its future performance likely to be even worse? Should losses be cut now, or should one stick to them in hope of eventual recovery and long-term capital growth?

Clearing bank shares are not loved by the market and tend to have p/e ratios well below those of comparable large corporations in other sectors. TSB can of course be acquired of the main reason for this - clearing banks' regular appetite for cash calls from shareholders.

However, this week's results suggested that the group has other problems. Profits from all four of its main arms of activity were down, while costs reached the extraordinary level of 74.7 per cent of income, about 10 per cent higher than the figure which is usually considered acceptable.

Sir Nicholas Goodison, who

took over as TSB chairman in January, did not mince his words. "Our shareholders have every right to expect better results and we are committed to increasing earnings per share significantly," he said.

The former Stock Exchange chairman was able to point to a number of hopeful signs. Since becoming chairman, he has axed a lot of the unnecessary duplication in TSB's group structure, cut the group board from 31 to 17 directors, and eliminated more than 100 non-executive directors.

This would suggest that the new, unified TSB is still being created and that the performance of the bank over the last two or three years is no real guide to its long-term prospects once everything is in place, particularly now that Sir John Read, the original chairman, has been replaced

by Sir Nicholas and Don McCrickard, chief executive for banking.

McCrickard is a veteran of retail banking and the man who made American Express's fortune in the UK with the slogan (dreamt up during a dinner at the Wig & Pen Club in Fleet Street) "That'll do nicely." Can he now do nicely for TSB?

There are some signs that he may. Apart from improved management, TSB has invested heavily in better technology and its branch structure is being enlarged and adapted to the new needs of the group.

The trouble is that despite all these changes, the second half of the current year may well be even worse for TSB than the first.

Some City analysts predict that full-year pre-tax profits will be around £330m, against

£420m in 1987-88. If that happens, the share price is likely to sag even further.

Sir Nicholas admitted that amid the present high interest rates, prospects just for TSB but for all its retail bank rivals look fairly gloomy. "The good times are over," he said. "They may return a year from now - or they may not."

Despite all this, there are still analysts to be found who regard TSB shares as a "buy". They tend to agree with Sir Nicholas that TSB still has formidable potential with its large deposit base and steadily improving management team, much of which has only been introduced in the last year and has not yet had time to show its quality through improved balance sheet results.

On this argument, even if the shares are in for a further decline, there is no little point

David Barchard

Anatole Kaletsky



FINANCE & THE FAMILY

Philip Coggan analyses the performance of UK stocks in the first half of this year
Equities start well - but can it last?

IT WAS a good half-year for investors in UK equities. The FT-SE 100 index rose by 21.7 per cent between January 1 and June 29...

the year to March 31, the collective non-telecommunications businesses suffered a drop in profits and the company says it may sell off its non-core divisions.
British Aerospace's performance owes much to the discovery of 'hidden assets' on the balance sheet...

LEADERS AND LAGGARDS
Best and worst performing FT-SE 100 stocks Jan 1-June 29
Leaders
1. Racal Electronics +59.3%
2. British Aerospace +57.0%
3. Reuters +53.6%
4. Guinness +53.6%
5. RMC +52.1%
6. Gateway +49.4%
7. Rolls Royce +47.2%
8. BAT Industries +45.0%
9. Hanson +39.3%
10. Redland +38.3%

Scottish & Newcastle, the worst performer of the FT-SE 100, owes its decline to the Monopolies and Mergers Commission. The MfM's decision to block Astra's bid for Elders' £1.6bn bid for S&N caught many by surprise...

Bond was shown to have his own financial problems and it became clear that he would not be able to fund a Lomro offer.
Meanwhile, shareholders in Hammerston, the property group, have had scant reward for rejecting a bid from Dutch group Rodamco...

MEXICO HAS proved far and away the star stock market this year, with a rise of 88.56 per cent in sterling terms or 78.25 per cent in local currency terms.
The main reasons for optimism among investors are the easing of the regulations concerning direct capital investment in Mexico - which aimed to encourage foreign investment - and the fact that some progress has been made on the debt problem recently.

WORLD MARKETS THIS YEAR
% change in sterling since 1/1/89
Local currency Sterling value
Austria +41.23 +49.01
Belgium +4.85 +10.73
Denmark +26.41 +32.77
Finland +12.94 +24.82
France +19.20 +22.48
West Germany +12.73 +19.05
Ireland +11.52 +17.99
Italy +6.72 +14.48
Netherlands +17.17 +24.09
Norway +41.32 +51.60
Spain +6.55 +15.42
Sweden +22.77 +32.17
Switzerland +15.30 +20.19
Europe +18.20 +19.83
Australia +1.69 +5.70
Hong Kong -17.84 -4.77
Japan +4.67 +9.14
Malaysia +24.55 +44.27
New Zealand +7.35 +15.51
Singapore +27.89 +46.96
Canada +12.33 +29.91
USA +19.06 +26.90
Mexico +88.56 +98.56
South Africa +31.27 +44.85
World Index +11.19 +19.84

UNIT TRUSTS PERFORMANCE THIS YEAR
Best 25 % Gain Worst 25 % Loss
Prov Capitel Emer Asia 53.0 Waverley Australasian Gold -26.0
NM Schroder Sing & Malaysia 48.5 Prov Capitel Hong Kong -18.3
NIM Britannia Singapore Asia 48.0 Waverley Hong Kong -12.0
Wardley Singapore & Mal Gth 47.6 New Court Australasian SM Co -11.5
MLA American 44.9 Gartmore Hong Kong -11.3
Abrust Far East Emer Econ 43.5 Cornhill Gilt & Fixed Int -11.2
Henderson Sing & Malay 39.9 Henderson Fixed Interest -10.5
MIM Britannia SE Asia 39.1 Mercury High Interest -10.2
Fidelity Europe 38.0 Henderson Gilt -9.8
Morgan Gren Euro Growth 37.9 Henderson Prof. & Gilt -8.5
Fidelity Sel PPP European 37.8 Royal Life Gilt -8.3
F&G US Smaller Co's 37.2 NM Schroder Gilt & F.I. -8.2
FYL Trst Prestige Sing & May 36.9 S&P Gilt & F.I. Income -8.2
MIM Britannia Gth 36.0 MIM Britannia Gilt -8.1
NM Schroder Far Eastern 35.5 Legal & General Gilt -8.0
Mercury Amer Gth 35.3 Abrust Gilt & F.I. -8.0
GT American Special Sits 35.1 Canille Gilt & F.I. -8.0
M&G Amer SM Co 35.1 Commercial Union Gilt & F.I. -8.2
Holborn North American 34.8 Eagie Star UK Gilt & F.I. -8.2

Private investor Kevin Goldstein-Jackson looks at the Far East
Take care in Hong Kong

INVESTING in Hong Kong has always seemed to me a bit like waiting for the next earthquake to hit San Francisco...

in 1996 and sold most of them (at a reasonable profit) on October 15, 1987, only because I felt that a stock market crash was imminent...

but caution and speed of action will be crucial.
I still retain an investment in Hong Kong - a relatively modest shareholding in the well-managed newspaper publishing company, Sing Tao...



No to Peking: financial workers demonstrate in Hong Kong

IN THE NEWS
A guarantee that's not certain

WHENEVER YOU see the word "guaranteed" it is usually worth taking a second look.
John Fry has just introduced an income plan that offers a fixed annual return over the next five years of 11.25 per cent net for standard-rate taxpayers (10.9 per cent for high-rate taxpayers) investing over £20,000.

equity portion. There is an annual portfolio management fee of 0.75 per cent of the value of the PEP and unit trust holdings, paid over and above the fixed annual charges for unit trusts. There is also a £25 charge for administering the PEP, where you also pay 1.65 per cent on all share deals plus stamp duty and VAT.

that, previously, UK investors have often been persuaded to invest in products offering tax advantages but providing uninspiring results because of high charges and poor performance.
On this occasion, he believes there is "simply too good case for every unit trust saver or investor, regardless of size, not utilising the PEP opportunity to build a tax-sheltered portfolio."

Sara Webb examines what you'll be charged for deals. Where to sell Abbey shares. Abbey National shares as soon as you receive them. Remember, though, that some of the profits you make on shares you have bought, or received free, could be wiped out by the dealing commission if you are not careful about who you sell through.

US dinosaurs return to life. ONCE DUBBED the dinosaurs of the investment scene because of their lacklustre track record, North American unit trusts have suddenly started turning in sparkling performances. This sector in the unit trust league table showed a average gain of 11 per cent in May alone and a 38 per cent increase in the six months to June 1...



IV WEEKEND FT

RESULTS DUE

Table with columns: Company, Announcement Date, Dividend (p), Last year, This year. Lists various companies like AAM Holdings, Associated British Eng., etc.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Earnings, Dividend. Lists companies like Alexander Walker, Amer. Bus. Serv., etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit, Interim dividend. Lists companies like Airtours, Aulick Associates, etc.

RIGHTS ISSUES

Section detailing rights issues for various companies, including Airtours, Aulick Associates, etc.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Section detailing offers for sale, placings, and introductions for various companies.

General Portfolio advertisement showing investment options with interest rates like 10.15%, 10.4%, 9.65%, 8.90%, 13.53%, 13.86%, 12.86%, 11.87%.

FINANCE & THE FAMILY

THE WEEK AHEAD

A feast of fluctuating fortunes

SOME OF next week's stocks are in better shape than they once were, says one analyst...

Empire sailed through the postal strike in the first six months, but Williams says there will be a delayed effect...

There was much talk of a stock market flotation. S&N, under threat of a takeover by the Australian group...

Peel made an expensive meal of the London Shop acquisition. The more expensive because it paid a high price for a company as big as itself...

Off the dividend list on Thursday, B&T's shareholders' relations had a bad day...

William Cochrane

Heather Farnbrough meets an enthusiastic champion of small companies

Busy spell for an investment wizard

IF JOHN ALEXANDER were not a fund manager, he says he would be a cabinet-maker. He doesn't look like a fund manager...

John Alexander

since the beginning of the year, we're looking at Boase Mansel, PKI, Keep Trust, Lambert Howard and last week held...

ably better off in an unit or investment trust. A predictable answer, perhaps. Yet what if the private investor does not know what is going on in, for example, a local company where he knows the products and markets well...

John Edwards

Eric Short

AIDS policy offered

PEOPLE WHO stand the risk of becoming HIV positive through sexual contact can now obtain substantial cover against HIV infection following the launch of a new insurance contract...

THERE IS NO protection against losing an investment when the market moves against you. But if you suffer because the business with which you are dealing goes bust, you should be entitled to some compensation...

Helping hand for the losers

The bulk of the contribution is expected to come from members of the Securities Association, but the share-out has yet to be finalised. Meanwhile, the ICS is operating on a bank overdraft...

John Edwards

Eric Short

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table showing interest rates for various financial products like clearing bank, building society, national savings, money market account, and UK government stocks.

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FINANCE & THE FAMILY

Son inherits a joint account

IN 1973, my father and I opened a joint bank account (on a survivorship basis) for the purpose of buying and selling shares. In recent years his share dividends, pension, rent for land which he owned, and proceeds from encashment of savings certificates in his name were paid into the account. I have not paid money into the account or made any withdrawals.

The Revenue's reply was to the effect that there are no provisions for allowing relief on policy losses and the age allowance computation for 1986-87 is confirmed to be correct. The salesman who induced you to take out the single-premium policies ought to have warned you that, while gains on these can indeed attract the age surcharge (in the hands of basic-rate tax payers), there is no relief for losses. If you are quite sure that the salesman did not warn you about this tax disadvantage of single-premium policies, you might wish to pursue the matter with the company (and possibly to arbitration).

This raffle is unwise

MY HOUSE has been on the market for some months and, having just bought some raffle tickets, I wondered if it would be possible to raffle it. Do you have any idea of the procedure? It is not usual to offer real property in a raffle. You would have to set the terms yourself (no doubt with your solicitor's assistance) but we do not advise such a procedure. Remember that it will shortly be necessary to have the whole contract for sale set out in writing.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Loss of age allowance

THE INLAND Revenue gave me no age allowance for income tax for the year 1986-87, due to the fact that I had made a substantial gain when cashing in an endowment policy. I wrote to the Revenue, pointing out that I had made losses on single-premium policies with a certain insurance company. I was under the impression that these losses would be subtracted from the gain I had made in computing how much age allowance I would receive.

Housing dilemma

MY MOTHER, who died in 1983, lived with my sister. Both were widowed. They owned their house jointly with 50/50 interests as tenants in common. My sister still lives in the same house. My mother left half her estate to my sister and half to me. It seemed sensible at the time for my sister to take income-producing securities and for me to take my mother's half interest in the house, which is how matters were dealt with. No rent is paid to me and I contribute 50 per cent of the rates and of maintenance. My sister, who is beginning to suffer from arthritis, now thinks of moving to a smaller house but needs the value of my half share to remain at her disposal. I am happy for it to be rolled over into a new house for her occupation but wonder if, on a sale of the present house, I would be able to be charged with an immediate realisation. The value could be double the probate value. It is my sister's only real-

Information withheld

I HOLD shares in a small limited company. For the past three years or so, I have not received any annual accounts from this company, nor received reports or had invitations to the annual general meeting. What is the legal position concerning my right to receive these accounts and attend the AGM? As a member of the company, you are entitled to notice of every general meeting and to see the annual accounts. As an annual general meeting should have been held at least twice in the past three years, there does indeed appear to be something amiss. You can either inquire direct of the company secretary (at its registered address) or, if you doubt the bona fides of the management, before making any direct approach you might prefer first to effect a search at the Companies Registry to see if annual returns have been filed for the recent years.

Help for a daughter

MY WIFE died intestate in August 1987 and I was the sole administrator and sole beneficiary of her estate, which amounted to about 274,000. I varied the distribution of the estate by a deed of family arrangement so that each of my four children received 26,500. Since my wife's death, my only daughter has suffered a severe nervous breakdown and has been unable to follow her career as a teacher for the past year. Her progress towards a complete recovery is slow and her future uncertain. My daughter is aged 39 and was married just before the death of my wife. Her husband is unemployed and both reside with me. In the circumstances, I am proposing to redirect 230,000 to my daughter from my wife's estate by means of a further deed of family arrangement. The object I have in mind is that the money should be used for my daughter's benefit, either to assist in buying a house for her and her husband or for her welfare, depending on how her health progresses. I am not sure about her ability to handle such a large sum

dence, as it was for my mother. Can I "inherit" my mother's residence qualification for the rather special circumstance of my sister? If the law makes CGT payable, does the Revenue have a discretion in a case such as this to postpone the charge, treating the probate value of the first house as my acquisition cost of the second? If not, the CGT on my half share would operate as a significant handicap to my sister being able to move. Everything depends upon whether your sister was (before April 6, 1968) "incapacitated by old age or infirmity from maintaining herself" in the words of section 105 of the Capital Gains Tax Act 1979. This section was repealed by the Finance Act 1988, subject to transitional relief for existing cases. Your solicitor will be able to guide you on the meaning of this statutory phraseology. If you are not entitled to claim relief from CGT under section 105, there is no way of deferring the CGT bill.

Mike Lennard advises on the best ways to cover yourself abroad

Insure — and travel right

ARE YOU the sort of person who spends ages preparing for your summer holiday and then ends up buying travel insurance at the last minute, almost as an afterthought? If so, you might find you are not covered for some of the commonest problems encountered by vacationers — such as flight cancellations and delays — and you could lack adequate cover when it comes to medical emergencies or theft. Most people prefer to take the easiest route when it comes to holiday insurance and buy the products recommended by their tour operator or travel agent. If you are going to Europe for a short holiday, these are quite adequate; they are priced competitively and are good value generally. Barclays Travel Policy offers good standard coverage for Europe at £13.55 a person for up to 17 days. Norwich Union's Holiday Plus insurance has similar provisions at £17.50 for a fortnight.

Which? magazine's checklist of what to look for in your insurance: Medical expenses. Sum insured: Europe £250,000, USA £1m, rest of the world £500,000 in case you need to be flown back for emergency treatment. Cancellation or curtailment. Sum insured: the full cost of your holiday, as well as the deposit and any other charges paid in advance.

Money and belongings. Sum insured: up to £1,000 for loss or damage to personal belongings and cash. Delayed baggage. Sum insured: £50 for emergency purchases in case baggage arrives long after you do. Delayed departure. Sum insured: £20 for the first 12 hours, then £10 for each full 12 hours after that. Personal liability. Sum insured: £500,000.



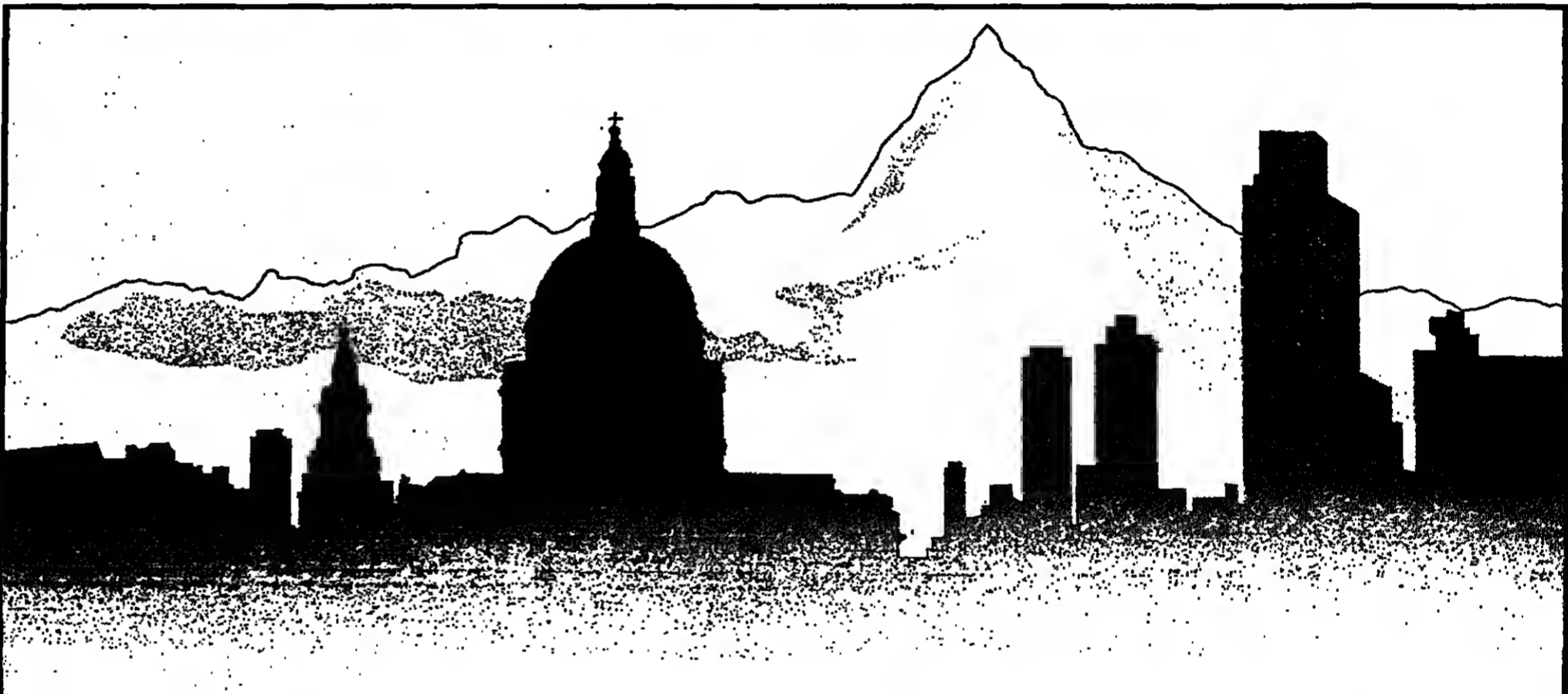
or damage to personal possessions (usually up to £300 an item). Most insurers recommend that expensive items, such as video cameras or jewellery, should be covered by extending your existing household contents policy. Finally, they are not a particularly good buy if you plan to make several trips abroad or stay for a few weeks in an exotic part of the world. In such cases, you could be better off arranging a tailor-made policy with a broker. Credit and charge cards can sometimes help to fill some of the gaps, however. If you pay for your holiday with American Express, for example, you are entitled to compensation for travel delays and lost or delayed luggage. Amex also offers a Global

Assist service which helps to deal with medical or legal problems, and all family members are covered if travel or other holiday arrangements are booked through the card. For Amex's more comprehensive additional insurance policy, Centurion Assistance — which provides cover on an annual basis — you have to pay extra. Diners Club offers similar services and extends cover to parents and parents-in-law. It also deals specifically with compensation for delays caused by overbooking. The main disadvantage with plastic card insurance, however, is that cover for medical costs, personal liability and travel accidents is not really adequate for a family holiday. Card-holders should try to

maximise the benefits available through membership, but check beforehand on just what might or might not be covered (spouse, children, parents) and about the practical levels of compensation and assistance. If you are venturing outside Europe, you should buy unlimited medical expenses cover (or, at the very least, £500,000 worth). You might also feel safer taking out insurance which includes one of the well-known assistance services. For example, a disabled child brought back to the UK from North America by air ambulance recently using insurance cover which included a global assistance service (actual cost, £46,000). Assistance services should also be able to recommend the most

appropriate medical facilities or doctors if you have a problem. Exclusion clauses are, of course, a major feature of many policies: cover might be withdrawn if you are pregnant, or do not disclose a medical problem such as heart trouble, or if you are over 65. There is also a common exclusion clause covering any sort of mental disorder, including "anxiety or depression." General-purpose policies exclude cover expressly from any dangerous sports or activities: so if you are planning a mountaineering or hang-gliding holiday, you will need to buy a specialist policy. In many cases, it is not spelt out if the occasional amateur attempt at water-skiing or sailing is included in the basic hol-

iday package. Few policies give cover if you hire a car or motor scooter; yet, in the Greek islands, lots of people do just that. While the hire agreement (perhaps written in a language you don't understand) should give some third party cover, this could well be minimal. The AA recommends that if you are planning to hire a vehicle for a few days or more, you should find a specialist broker or else seek advice from the local motoring organisation. Finally, if you have some form of disability, you might consider specialist cover. The Holiday Care Service (tel: 0293-774-535) or the Royal Association for Disability and Rehabilitation (01-637-5400) offer free fact-sheets and advice on specialist brokers and policies. They should also be able to suggest general purpose policies which do not feature some of the more onerous age or health exclusion clauses. Which? the Consumers Association magazine, surveyed holiday insurance policies and highlighted the following "best buys" for one adult spending two weeks in Europe: United Friendly £17 (01-928-5644); Extrasure £15.20 (01-480-6871); Perryurance £13.90 (01-879-1255); Barclaya £13.85; National Westminster £15.50; Pickfords £16.60. For one adult spending two weeks in the US: Extrasure £38.00; National Westminster £38.00; Pickfords £34.00.



The right backing for your investment manager

Buckmaster & Moore has been established in the City of London since 1895. Our skills have been developed through nearly a century of handling the investments of individuals and institutions. Since 1986 we have had the powerful backing of one of the three largest Swiss banks, Credit Suisse (founded in 1856).

At Credit Suisse Buckmaster & Moore we manage funds totalling over £1bn, including large pension and charitable funds as well as the portfolios of several thousand private investors. We also have a successful range of unit trusts, including the Buckmaster Smaller Companies Fund, which is in the top 5% of "U.K. Growth" unit trusts over the last one, two and three years\*.

For all our clients, large and small, our objective is the same — above average long term performance.

Our clients enjoy a combination of modern technology, sound administration and personal service which, we believe, is second to none. More important: — They can rely on the proven investment skills of our experienced fund managers; our ten longest serving fund managers have been with us for an average of over eighteen years. — Our long established UK operations are now buttressed by the strength and worldwide investment expertise of Credit Suisse, which has offices or subsidiaries in every major financial centre.



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CREDIT SUISSE BUCKMASTER & MOORE

At Credit Suisse Buckmaster & Moore we provide investment advice and management for clients with portfolios ranging from around £50,000 to £5m or more. If you think your investments might benefit from our skills and long experience, telephone or write to either of the offices below: Paddy Ross, Credit Suisse Buckmaster & Moore Ltd, 80 Cannon Street, London EC4N 6HH, Telephone: 01-588 2868. Tony Hamington, Credit Suisse Buckmaster & Moore Ltd, 30 Warwick Row, Coventry CV1 1EY, Telephone: 0203 632323 (24hrs).



MINDING YOUR OWN BUSINESS

Ian Hamilton Fazey on a mini-conglomerate

# The dining room is company HQ



Brian and Anthea Shenon: outgrowing their house

ANTHEA AND Brian Shenon do not so much mind their own business as mind their own mini-conglomerate. Headquarters in their home in Harrogate, Yorkshire. They are thinking of looking for office space but have mixed feelings. Brian has been finance director of several large companies and, at 49, has long experience of running a balance sheet. "As the business gets bigger, it will outgrow the house," he admits. "But the secret of establishing small businesses like ours is to keep overheads down and keep capital increases low. These should increase only stepwise with the growth of the business. We're not ready to move yet."

They run three companies from an office that used to be their dining room. Anthea hopes it will become a dining room again one day. Brian Shenon Associates is a management consultancy which, although owned by both of them, is basically a vehicle for Brian to work as a "company doctor" for smaller or growing businesses. One continuous assignment is to represent a pension fund on the board of a Bradford electricals company for which it has provided venture capital.

The other two businesses draw on Anthea's background as a nurse. Health Profile is an on-site employee health assessment service for industry while CareSkills is a training company for nursing and rest home staff.

Brian is a director of the latter but (for tax reasons) not of the former, which Anthea runs with Janet Owen, another nurse. Brian acts as company secretary and financial controller. "What we have together is a combination of product know-how and financial control. Most small businesses have the one but not the other," he says. They talk and act like born entrepreneurs, yet these are the first businesses they have owned. The consultancy came first but even that has been going for just three years. They employ only two people besides themselves but have a network of part-time colleagues whom they pull together to get work done as needed. They moved to Yorkshire from the Surrey suburbs five years ago when Brian was headhunted to be finance director of a kitchen manufacturer. Things did not work out and he decided to set up on his own. They also decided to stay in Yorkshire. "Anthea had had

enough of London and I had definitely had enough of commuting on Southern Region," he says. They saw Harrogate as a better place for their three children. The rub was what to do that would use the talents of both of them. Moreover, Brian was the archetypal big-company man. He started his career on a sandwich course in gas engineering at Aston University when it was still called Birmingham College of Advanced Technology early in the 1960s. He then worked in New York on the early computerised design of chemical plant and gained an MBA from the Wharton Business School in Pennsylvania - supported by Anthea. After that, he did a series of managerial trouble-shooting jobs in Britain, including a spell with Charterhouse in the City and with the TI group in the UK and the Middle East. He also put in a four-year stint as a Conservative member of Greater London Council. Adjustment to small-com-

pany life is not easy with such a background. He and Anthea looked at buying a textiles business and also at a wallpaper factory, but rejected them after they researched the health care market and decided it would be one of the fastest-growing in the 1990s. Here, they had Anthea's know-how to combine with Brian's experience of corporate planning and finance. They started looking for exploitable niches and came up with health assessment and training. Health Profile, the assessment company, does its work on site in factories and offices, with the employers paying but with the service confidential to the employee. Companies have found it a useful, untaxed benefit to offer their workforces, as well as gaining from well-advised and healthier employees afterwards. "The Shenons set out to operate, as they put it, "sub-Bupa". They see their big-name competitor offering a Rolls-Royce service for senior executives at

fancy prices. In contrast, they decided not to set up centres which people had to take half a day off work to attend. This cut "down-time" for their customers while avoiding overheads for themselves. It also meant they could undercut dramatically on price, charging about half of Bupa's rate per person. This usually works out at less than £20 for an individual, depending on volume. They turned over £30,000 in their first year and expect to more than double that in 1989-90. Anthea is one of four nurses in the front line. They are all over 35 with good social, communications and counselling skills. For example, she is 42 with nursing experience in Britain and the US, as well as having worked as a health visitor and nursing tutor and lecturer. Anthea's colleagues work on a per-job basis as self-employed professionals. The business has also contracted the part-time skills of a clinical pathologist to do the analyses of samples,

a cardiologist to interpret electrocardiograms, a gastro-enterologist and a general physician.

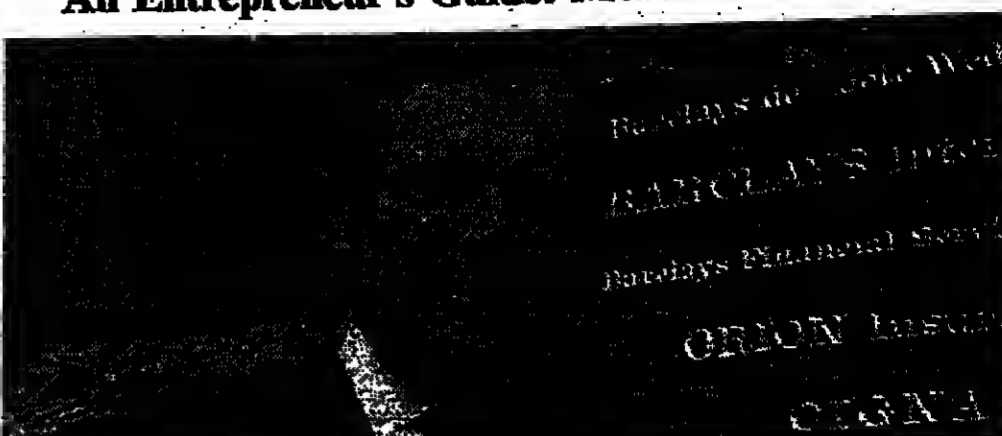
The Shenons do not advertise because they fear being forced into too-rapid growth. Health Profile got its first job - assessing 300 employees - after they spent £700 it did not then have on a stand at the 1987 Harrogate conference of the Institute of Personnel Management.

They met another customer, the chairman of a Yorkshire company, at a cocktail party and have relied on word of mouth since. However, the word is spreading to London, where one big City firm is negotiating now.

CareSkills is different. Brian realised that with the emphasis on community care of the elderly, more training would be needed for non-medical support staff in growing numbers of nursing and rest homes. CareSkills operates jointly with employers who must first offer trainees actual jobs on the payroll, rather than temporary training places. They are called Health Care Cadets, (not trainees), which gives them status and greater self-esteem.

Training covers crucial areas such as health and safety, problem-solving and hygiene control. CareSkills' approach is also attracting interest in both private and National Health Service hospitals. The Shenons say that the move to use support workers rather than student nurses for non-medical functions will change the skill mix in hospitals, expanding the training market. It is this sort of opportunity that is giving them pause for thought about staying small, operating regionally or going national. They think that their CareSkills packages - he or she may well want to sell their business one day and retire, or perhaps buy a similar or related one in order to expand. Mowat says: "Merchant bankers have a better and wider knowledge of what the marketplace is about and how to value a business. When you sell your house or buy another you take good professional advice. It's amazing that people selling their business do not always take the same care. "People usually underestimate the value of their business. They don't know how to assess the value of, say, forward earnings to a buyer. They sell to companies whose chairman rang them up one day and made them an offer, or to friends in the same industry. Sometimes it's the worst thing

## An Entrepreneur's Guide: Merchant Banking



Merchant banker Magnus Mowat

# An eye on little acorns

THE OWNERS of most small businesses believe that merchant banks have no relevance to their lives. Magnus Mowat believes they should think again.

Mowat runs Barclays de Zoete Wedd (BZW), the merchant banking arm of Barclays, in Manchester. He is one of the new breed of merchant bankers in the north of England operating out of Manchester and Leeds. The rise of the entrepreneurial culture - and increasingly more people minding their own businesses - is the reason why they are there. Merchant banks advise companies how to raise new capital or on buying or selling other companies. While an owner-manager may never wish to go public by floating on the stock market - managing this process is one of the main jobs of merchant banks - he or she may well want to sell their business one day and retire, or perhaps buy a similar or related one in order to expand. Mowat says: "Merchant bankers have a better and wider knowledge of what the marketplace is about and how to value a business. When you sell your house or buy another you take good professional advice. It's amazing that people selling their business do not always take the same care. "People usually underestimate the value of their business. They don't know how to assess the value of, say, forward earnings to a buyer. They sell to companies whose chairman rang them up one day and made them an offer, or to friends in the same industry. Sometimes it's the worst thing

to do." Merchant banks have a generally steady image. The 16 oldest are City institutions, an exclusive club. They used to put their names to traders' bills to make them liquid - which means they became sellable, or as good as money. Now, more generally, they help companies use the various assets that make up their worth - and not just land and buildings but their future prospects - to raise more capital and create more worth. There are about 150 of them in the UK.

Most are only interested in big deals, but some have realised that there is good business to be done at the small end of the market. N. M. Rothschild, is one of the original 16, set up in Manchester in the 1890s. Singer & Friedlander, another original, did likewise in Leeds around the same time. County NatWest - like BZW, a clearing bank subsidiary - is in both northern cities while Lloyds has just recruited County's man in Leeds to run its merchant banking there. Others operate representative offices in both cities while the Henry Cooke Group, the Manchester-based financial services company, has set up its own, called Edington. Investors in Industry (SI), which is owned by the English and Scottish Clearers and the Bank of England, is also present in most major British cities. All these merchant bankers are looking hard at entrepreneurs around them. Mowat says: "The Thatcher culture has enabled smaller companies

to prosper. A lot have a low asset base. They rent their premises, lease their cars and equipment and own little." If they want to expand they can run into trouble with traditional lenders, such as clearing banks, which want rather tangible assets. Merchant banks look instead for a good spread of customers in a sound, growing business. In effect we then show people how to use their future cash flow for collateral," Mowat says.

Some merchant banks say they will only deal for sums over £250,000 but others will do less. All want to build a wide network of contacts to further their merger and acquisitions business - but they can give other advice too. The better tax environment allows people to withdraw some money for their pension funds or to pay themselves dividends so that they don't have to float too early, if at all, Mowat says. The merchants like Nottingham because they provide good, free publicity but the bulk of this work of Singer & Friedlander in Leeds, for example, has been private and for family businesses. They will all encourage a longer view than most small businesses take, but it will always be aimed at the development and realisation of worth. In northern offices at least, their own longer view involves getting to know potential oak trees when they are but sprouting acorns. This is the first of a series on the relevance of the professions to small businesses.

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TRAVEL

Wildside

Tyger! Tyger! burning bright

AS THE sun rose over the Indian jungle in Kanha national park, Madhya Pradesh, four pairs of tigers' pug marks scored the dusty road in front of our vehicle. We followed the alarm calls of chital deer. The tigers are protected, but there is still a compulsive mystery about them.

superfidity of chital deer for the tigers' prey and increase is encouraged. The Seonee hills, where the wolf pack still roams, provide land for the expansion of young tigers into new territory, and there are now a healthy 120 in the park and its margins.

tiger is located, there is a mad rush as visitors race off, videos whirring. There may be four elephants in a semicircle around a tiger. In the past, 300 beaters would force it into a horseshoe barrage of 20 guns. Today, with four people on each elephant, taking shots at it through zoom lenses it may "just sit there like a dog," as one perplexed visitor described it.

But when one elephant got that little bit too close - within five feet - a tiger raised himself on his haunches and growled. Showing long canines under a curled lip, he spat a warning. The camera clicked back in response. Eventually the tiger gathered himself for a fake charge at the elephant and forced the mahout to order it to back off. The videos hissed. The tiger thumped back into the grass.



No more pussycat - the Indian tyger

The tiger is now increasing in numbers. Jocasta Shakespeare follows its trail in an Indian national park.

"All met at dusk. A lot of vocalising. An incredible encounter." Encounters with tigers have changed since the late 1960s, when Richard Waller, ornithologist and wildlife enthusiast, described Kanha as "a red bloodstain on the green heart of India."

There are rumours of man-eating. These are countered by poisoning, trapping and shooting, even though the tigers are protected. Richard Waller says: "I give Rambhambhor three years." The very success of Project Tiger could prove its downfall.

steaks for his supper off a chital deer killed by a tiger, which returned earlier than expected and was not pleased. The next day the villager was found dead, axe in hand, swatted like a fly away from his supper, but not a limb of his own missing. That tiger was not a man-eater.

are over. In 1990 he shot one by tying up his own wife as a bait. Lopez's grave stands at a crossroads in the jungle, saluted by passers-by who put stones on it for good luck.

At Kanha the tigers still have to catch their own food. And at Kipling Camp, after a good meal of our own, we sat around the fire only a 30-minute walk from a tigress' lair in the forest. It was easy to imagine that the jungle was the same as it always has been.

This year the tigress had returned with two cubs, and we saw their fresh pug marks behind the camp's huts. At night, when the chital looked for cover and we heard them from our bed, grazing and knocking their antlers against the wooden shutters, we hoped that the tigress had found her supper elsewhere.

SMALL seaside town in the north east of England is not my idea of getting away from it all. However, I wasn't in Seahouses to sample the canyons, the fish and chips or the one-arm bandits. The town was simply the starting point for what turned out to be an enchanted journey.

visit arranged privately by the Wildfowl Trust at Washington, Tyne and Wear. Our destination was the Farnes - a group of 26 tiny islands just off the north east coast. The islands are owned by the National Trust and only two, Inner Farn and Staple Island, are normally accessible.

was the unmistakable smell of guano. The island was covered with nesting terns, their pure white bodies and bright red bills making a startling contrast against the vivid green of the short, salt-sprayed grass.

flat stacks called pinnacles. Although it was quite late in the season, the tops of these stacks were thickly crowded with guillemots, looking for all the world like miniature penguins.

lemots, shag and puffins watched me with beady eyes as I settled down with my sketch pad. I was three feet away from them. They eyed me with curiosity and caution, sometimes flapping their wings aggressively if I moved too jerkily.

boats available to take visitors to the Farnes, but I travelled on Billy Shiel's boat, the Glad Tidings. Billy has been taking people around the islands for 45 years. (Tel: 0665-720306).

June Gadsby

Watching the birds go by

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TRAVEL/MOTURING

TRAVEL BUSINESS

Italy bucks the Med's decline

WHEN Tony Le Masurier took over 18 months ago as chief executive of Cititalia, the largest specialist tour operator to Italy, he inherited a company which was losing money fast and seemingly missing out in the Mediterranean sunshine holiday boom of the mid 1980s.

But new trade figures circulating this week show that Italy is bucking this year's general decline in Mediterranean holiday bookings - down by about 10 per cent overall - and having one of its best summer seasons for years.

Holiday bookings to Italy from the UK (as at the end of May) are running at a level 4 per cent higher compared with last year. At the same time, bookings to Greece are 9 per cent down and those to Spain are 6 per cent down.

Le Masurier has spent the past 18 months cutting costs and putting in new financial control systems to enable his new management team to concentrate on marketing Italian holidays.

"It's all now beginning to pay off," he says. "We're not out of the red yet - we'll probably break even this year - but we have the right product and market conditions favouring us."

Cititalia's sales of brochure holidays to Italy are up by 24 per cent on last year while demand for tailor-made (non-brochure) holidays has doubled.

Le Masurier cites several reasons why Italy has grown in popularity, including the disenchantment among holidaymakers with cheap holidays which offer relatively basic standards of accommodation and service.

and congestion as every other holidaymaker: Cititalia's own train, which travels weekly to Rome and back, is completely sold out for this summer in spite of a 27-hour journey time and prices comparable with the return air fare.

THE SPANISH resort of Benidorm is fighting its "lager" image by launching a £150,000 public relations campaign.

More than a million Britons holiday in Benidorm each year and have been partly responsible for generating an image of the resort which has upset the local tourist authorities.

Some £6m has been ploughed into upgrading tourist facilities, noise restrictions and special "tourist police" to crack down on drunks.

The campaign hopes to debunk the idea that eating out in Benidorm is dominated by fish and chip shops. Apparently, there is only one in the town.

JONATHAN BODLENDER, chairman of the international hotel and leisure consultancy Horwath and Horwath, is unlikely to be popular in Cyprus this weekend.

Cyprus, he told a tourism conference earlier this week, had a rather tatty image and was in danger of falling into the trap of unlimited tourist development.

Bodlander pointed out that while many holiday brochures promoted Cyprus as an up-market product, the reality did not always reflect the image.

"The overall impression given of Larnaca and Limassol is of too much development too fast, with not enough local and regional planning and too little consideration for protecting the environment," he said.

"Cyprus should be aware that both Crete and Turkey may soon emerge as major competitors," he said. "Only by providing value for money can Cyprus take advantage of emerging markets."

IS THE compulsory use of exhaust catalysers the best way to minimise environmentally harmful emissions from cars?

Yes, say the politicians, the Greens and the manufacturers of the catalytic control systems.

No, or at least not necessarily, say some of the engineers and researchers who have to come up with the hardware to fulfil the political decision makers' promises.

And what do they think is the most realistic answer to curbing the environmental harm caused by car exhaust emissions? Perhaps surprising to some (though not to me) it is the wider use of diesel engines in cars.

Myths have sprung up around both catalysers and diesel engines. The former are widely thought to remove all the unpleasant elements in exhaust gases. And the latter to be noisy, smelly and environmentally unfriendly. Both beliefs are untrue.

A petrol-engined car with a catalytic converter is unquestionably much better than one without. But it still pumps just as much carbon dioxide (the main "greenhouse effect" gas) into the atmosphere, even if it renders harmless the poisonous carbon monoxide as well as harmful unburned hydrocarbons and oxides of nitrogen.

A diesel idles more noisily than a petrol engine. Its fuel smells different. But a modern diesel car such as a 1988 Mercedes 250TD (see separate item) has emissions as good as those of a petrol-engined car fitted with the most elaborate catalytic converter on its exhaust system.

As a bonus it uses substantially less fuel because the very high compression ratio diesel engine is a more efficient converter of oil into energy than any petrol engine.

In fact, according to Dr Wolfgang Peter, director for Mercedes-Benz passenger car development, the diesel offers the most environmentally



An inexhaustible subject

Stuart Marshall examines ways of curbing car emissions

sound source of power for a car.

Dr Peter can, of course, be accused of special pleading. Sales of Mercedes-Benz and other diesel cars have plummeted in Germany. This followed the removal of tax incentives amid allegations - strongly denied by Mercedes-Benz - that their exhaust emissions were hazardous to health.

Equally, companies such as Johnson Matthey can be said to be grinding when they promote the benefits of catalytic converters. Johnson

Matthey makes them by the million.

When emotion comes into the argument - as it certainly has with exhaust emission control - some of the facts tend to go unheard, especially if they run counter to public perceptions.

The main scientific criticism of a car diesel engine is that its exhaust contains microscopic particles of soot. They are so small they are said to disperse into the atmosphere as gas molecules and 80 per cent of those we breathe in, we breathe straight out again.

Every kind of fuel - coal, oil, gas and wood - produces combustion products when it is burned, particulates among them.

Of total particulate emissions into the atmosphere, only about 10 per cent are caused by road traffic, most of them from trucks and buses.

Earlier this year Mercedes-Benz reduced the amount of particulates from its diesel engines by 40 per cent through improvements to the combustion cycle. This involved minor internal changes to the engine. They did not make it noisier or less reliable and actually

improved its performance and fuel efficiency slightly.

Exhaust emission control is a terribly complicated affair. Its objectives sometimes conflict. Public ignorance of the realities is widespread.

Bully maintained buses and overloaded lorries tend to give all diesels a bad name. Their stinking black trails make it hard to credit the modern diesel car as environmentally friendly.

It is not just Dr Peter of Mercedes-Benz who says so. Citroën's BX 19 diesel already meets the forthcoming EC

THE 3-litre, petrol-engined Mercedes 300 TE 4-MATIC estate car I drove to Geneva and back in March cruised on the autoroute at about 80 mph/130 kph and returned 22.4 mpg/12.6 l/100 km.

A few weeks ago a 1987 TD, I looked identical, I cruised it at the same speed and returned 22 mpg/8.88 l/100 km. Both had automatic transmission though the 350TD lacked 4-MATIC, which switches in all-wheel drive when the on-board computer says it is needed.

With a 2.5 litre, 5-cylinder diesel developing less than half the power of the 300 TE's 6-cylinder fuel-injected engine, the 350TD (pictured) was hardly a contender in the traffic lights grand prix. Does this matter, when it has ample acceleration for safe overtaking in the 50 mph to 70 mph (80-112 kph) brackets?

Environmental protection apart, there is a strong economic argument for running a diesel car in Britain, especially if you drive a big mileage. Pump prices for diesel are now anything up to 30p a gallon less than premium, 20p less than unleaded.

That comes on top of a potential 20 to 30 per cent lower fuel consumption. Remembering that the less fossil fuel you burn, the less carbon dioxide you are pumping into the atmosphere will make you feel even better.

directive 88.76 on gaseous emissions; the same size petrol version will need a catalytic converter to comply.

Modern diesel cars rattle much less loudly after cold starting than those of a few years ago.

Some have glow plugs that stay on for about a minute to improve combustion efficiency. And for six years Mercedes-Benz has fully cocooned its diesel engines in sound-absorbing materials. Even from the outside, they could be mistaken for petrol-engined models.

Silky, smooth performers

LEAN BURN engines - so called because they run on a weaker, or leaner, mix of petrol and air than others - save fuel. It was also thought they would be clean enough environmentally not to need exhaust catalysers.

Then the politicians moved the goalposts. So Ford's new

DOHC (double overhead camshaft) 2-litre engines have been designed for use with sophisticated catalytic emission controls that will enable them to meet the world's strictest standards.

At present, the DOHC engine is being offered in three cars - the Sierra Sup-

phire 2000E (pictured here) the Scorpio 2.0 litre and Granada LX in combination with Ford's new 5-speed manual gearbox or 4-speed automatic transmission. It replaces the 2.4 litre V6 which was hardly the smoothest engine in its class and will not be missed. The new engine is so silky I once forgot I had locked the transmission in third and still thought how quiet the Sierra Sapphire 2000E was at close to 100 mph/160 km/h.

Both Sapphire and the Scorpio I drove later, were urbane performers, with road and wind noise well suppressed. Of the two, the Sapphire felt a little nimbler on fast, winding roads.

Prices are £14,950 (Sierra Sapphire 2000E) and £19,245



for the Scorpio 2.0 litre. Luxury equipment sells executive cars as much or more than promised performance. Ford includes air conditioning, leather upholstery, heated front and rear seats, fuel

computers and good quality anti-theft coded stereo systems in the basic specification. Q-Q4. The new engine, which runs on leaded or unleaded petrol, is mounted fore and aft in the rear-wheel driven Sierra and

Scorpio. It can just as easily be installed sideways in a car with front-wheel drive. A version with four valves per cylinder is under development.

MOTOR CARS

JAGUAR AUTHORISED DEALERS

GUY SALMON JAGUAR logo and contact information for Jaguar dealers.

Table listing Jaguar models and prices: XJS 3.6, XJS V12, XJS 2.5, XJS 3.6, SOVEREIGN, JAGUAR SPORT.

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JAGUAR

Advertisement for Jaguar 3.4 Mark II 1963, highlighting its classic features.

THE LATEST tournament in the World Cup series, played at Rotterdam, was a decidedly mixed experience for Britain's Nigel Short, ranked world No.3 after Kasparov and Karpov.

For part of the event Short looked likely to prove a contender for first prize, and he adjourned his individual game against Karpov in a position where many expected the champion to resign.

But Karpov saved that game, narrowly avoiding a second successive loss to Short, who had beaten him earlier in the year at Linares; while Short made the strangest blunder of his career at Rotterdam.

Chess board diagram showing a position from the game between Short and Karpov.

WHITE 14 MEN

Chess board diagram showing a position from the game between Short and Karpov.

BLACK 14 MEN

MY HANDS today are from rubber bridge. We look first at a little slam:

Chess

but Short produced 1... Nf3! apparently planning 2... P-N3, Bx3 ch; 3 N-N3, Nxf with the threat N-K7 ch. Only after making his move did he notice that his piece on K1 is not a rook, but a bishop, and he resigned at once without waiting for White's P-N3.

This incident recalls the classic bowler of its type, played at the London olympics of 1927: 1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-KB3, B-N5 ch; 4 B-Q2. Now Black intended the normal move 4... Q-K2 but accidentally picked up his king and went 4... K-E2. White raised his eyebrows and captured 5 Bx3 ch whereupon Black, still not realising his mistake, "recaptured" 5... KxB? At this stage White called for the tournament director and an embarrassed Black resigned. White could have continued the job and "mated" the errant king by 6 Q-N5 ch and 7 Q-N5 mate. Another feature at Rotterdam was the good form of Holland's Jan Timman, who met the Englishman in the Pillsbury Glass world semi-finals in London in October. Timman won first prize ahead of Anatoly Karpov but lost their individual game when he rashly took on Karpov's pet line against the Grunfeld Defence.

The Grunfeld has long been Timman's favourite answer to 1 P-Q4 and he has displayed a stubborn persistence with it despite some heavy defeats; so there is a chance for Speelman and his aides if they can get their preparation right.

White: A. Karpov. Black: J.H. Timman. Grunfeld Defence (Rotterdam 1988).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-QB3, P-Q4; 4 Pxf3, Nxf3; 5 P-E4, N-N3; 6 Pxf2, B-N2; 7 B-QB4, O-O; 8 N-E2, P-B4; 9 O-O, N-B3; 10 B-E3, B-N5; 11 P-B3, N-E4; 12 Bxf3 ch.

Karpov's pet move, used several times against Kasparov.

12... Bx3; 13 Pxf3, Bx3 ch; 14 K-E2, B-E2; 15 B-E2, Q-Q4; 16 B-E2, B-Q1; 17 Q-B2, Q-E2; 18 Q-N2, B-E3; 19 P-KE4, B-E2.

Chess

material advantage.

Chess board diagram showing a position from the game between Short and Karpov.

WHITE 5 MEN

Chess board diagram showing a position from the game between Short and Karpov.

BLACK 2 MEN

White mates in three moves, against any defence (by P. Benko, 1976). A game-like setting, but the mates are in true problem style. White's difficulty is that the BK is ready to escape via E3, while the obvious 1 P-N8(Q) concedes a stalemate draw.

Bridge

When West turned up with the guarded knave, declarer was forced to try the diamond finesse, but East had the queen and the contract was lost.

Expert technique lands the slam. At the fifth trick, after drawing three rounds of trumps as before, declarer should cash queen (or ace) of clubs and follow with the king of hearts. He makes ace and king of diamonds and cuts adrift with the knave. East wins with the queen and, with no club in his hand, is forced to concede a ruff discard by leading a heart or a diamond.

Very convenient, you say. Suppose West has the queen. If West wins, he must lead a club. If he plays the seven, the eight covers and wins - no more problem. Should East cover the suit with 10 or knave, the eight has broken 3-2 and declarer's clubs are good; if West plays a deceptive 10,

South takes in hand and can pick up the knave by finesse. Notice the key play of cashing the club queen.

Now study this interesting hand:

Bridge hand diagram showing a deal with cards and suits.

Bridge

South competed with four spades, East doubled and all passed.

West led the heart two. Winning with the king, East played his king of spades, declarer ducked and East switched back to the heart ace. Ruffing in hand, South crossed to the club king, finessed his knave successfully and then cashed the ace, bringing down the queen.

Timing his plays precisely, South cashed his spade ace, depriving East of an exit card, and made his last club on which he threw dummy's last heart. East naturally refused to ruff but he could not escape the impending fate - he was thrown in with a spade and forced to lead into the diamond tenace or give a ruff discard.

Good dummy play, but the defence can do better. If West leads off with his heart queen, East drops the knave, signal for a diamond switch. West leads his knave and the defence come to a fourth trick.

E. P. C. Cotter



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**ALCATEL**



COLLECTING

Susan Moore looks at four London exhibitions of Old Masters  
Presenting art in themes

Continued from previous page  
if for any reason the new owner wants to off-load, it has happened only twice in the past year and, with good quality stock getting scarce, it is no great hardship for the dealer.

Golding is a great traveller looking for antiques in the US (which is packed with British goods shipped there earlier this century) six times a year, as well as constantly travelling around the UK. It is a two-way traffic. "In the first two months of my new financial year I have sold as much for export as I managed in the previous six months. The Americans are back, and there are also Australian and continental buyers". And there is also good domestic business from the new rich, or the wealthy retirees who have bought substantial properties in the Cotswold area - or in the wider countryside - and who want to fill them with period furniture. These are possible buyers for his 16 Welsh dressers, priced between £4,000 and £18,000.

The attractions of the Cotswolds for antique dealers are obvious. The region is pleasant

London offers prestige but few Cotswold dealers want to move

to visit, and pulls in many mainly wealthy visitors. It offers plenty of space at low costs - especially important for a dealer like Architectural Heritage, which sells antique garden statuary, period chimneypieces, antique panelled rooms, gates and cast iron, etc. from the lawns of Taddington Manor. The congregating of dealers makes it convenient for runners and other dealers to slot in regular buying and selling calls, and facilitates joint marketing initiatives.

And Cotswold dealers are friendly. Anthony Preston, a Stow dealer concentrating on 18th and early 19th century furniture, says "we are not hilly like some dealers. If I haven't got the kind of table the caller wants I will recommend a dealer who I know has one. And we do not buy too much from each other, which helps to keep the prices down." There are equal advantages for collectors, notably slightly lower prices than in London and a pleasant, relaxed envi-

ronment for browsing and buying.

There are also drawbacks. Some recent arrivals are not quite up to the traditional Cotswold standards, and there are important areas of antiques - Old Masters and contemporary art come to mind - where the coverage is thin on the ground. Most good Cotswold dealers will have a few exceptional items, but you rarely get the quantity in depth that you can expect in the best London shops. Some rich buyers and dealers never venture out of London on their buying trips to the UK.

On the other hand the Cotswolds does have its specialists who cannot be found elsewhere, such as Simon Brett in Moreton-in-Marsh who concentrates on placetrans, and has an unrivalled collection of fishing rods. But although London offers more prestige, few Cotswold dealers really want to move there. The extra costs are horrifying: the life style not so pleasant. Indeed, two important London dealers are about to move west, seeing the Cotswolds as the ideal area for their declining years.

London can be covered through the antique fairs which have become such a feature of the business. Whitney Antiques had a very good Grosvenor House, as did Charles Clarke. Priory Galleries and John Nook were happy with Olympia. They make new contacts at the fairs and their prices often seem modest in the capital. Some Cotswold dealers, like Huntington, no longer bother with fairs like Olympia; with typical Cotswold superiority Michael Golding thinks the standard of goods on offer there has declined.

Business is fairly good in the Cotswolds this year, better for some dealers than others. The boom years are over and higher interest rates, and the collapse in the property market, could scare off buyers. But dealers and foreign customers should keep trade ticking over. The great problem for the dealers here, as for serious dealers everywhere, is finding enough quality antiques. Some see no point in acquiring more space, however cheap, when they are contemplating their stock of fewer, but more expensive, antiques.

For more information about the Cotswolds contact the Cotswolds Antique Dealers Association, High Street, Blockley, Gloucestershire. (tel: 0386-700280).

THERE WAS a time when Old Master dealers thought all they had to do was show the cream of their current stock, list an artist and a date for their pictures, and sit back. But now the public is accustomed to blockbuster museum exhibitions, the dealers have begun introducing themes to their shows, and adding a few extra pounds to the scholarly weight of their catalogues.

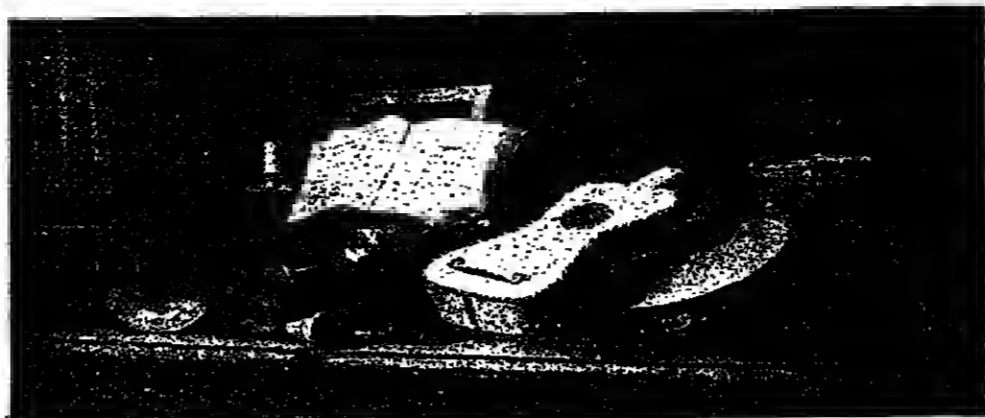
This season finds four commercial Old Master shows in London. Matthiesen presents a selection of French painting 1700-1840, the Walpole Gallery, 17th and 18th century Italian landscapes and vedute. In contrast, at Agnew's, we find ourselves swept up on a traditional Grand Tour which takes us from 14th century Florentine to the Dublin countryside of the 1870s, by way of France, the Low Countries, Germany, Italy and Spain.

Vasari described the Bolognese artist Amico Aspertini (1474-1552) as an eccentric man of extravagant hair, whose figures executed by him throughout all Italy are equally eccentric, and even mad, if one may say so.

One may, faced with his stunning portrait of a cleric here. For once, Aspertini's virtual obsession with the antique is not in evidence, and instead we are confronted by a hesitant, youngish man who looks out at us rather uneasily. Beyond him is a wonderfully romantic blue, hilly landscape with spidery figures among gossamer trees.

A small Diireresque head of a man, formerly attributed to Mabeuse, and a compelling head of a girl by Orazio Gentileschi (cut down from a larger canvas once in the collection of Charles I) dispense with background distractions, and are more intensely observed. But there are lighter exhibits too in this rich and varied exhibition. Late Poussin can be dauntingly austere, but his early "Hannibal Crossing the Alps" features an exultant, baggy-trousered elephant.

A different lightness of touch is in evidence at Matthiesen. Nattier's serene Comtesse d'Argenson, seated in a carved bergere against an imaginary festooned backdrop, swathed in pearly silk, powdered and pink-cheeked, seems the archetypal image of 18th century femininity. She dominates the



Still-life by Anne Vallayer-Coster at Matthiesen

upper gallery, and portraits dominate the show. As characteristic an image of the Empire is the portrait thought to be of the Marquise de la Grange by David's pupil Anne-Louis Girodet. Although better known for his grandiose Napoleonic history paintings and military portraits, he displays considerable delicacy of emotion - and a wonderful eye for colour - in what is otherwise a coolly perfect neo-Classical portrait.

Of all the portraits, the most engaging is the undisputed four-de-force of Pierre-Nicolas Sicot Legrand. His subject is the family of Johann Burki, Commissaire Général of the Canton of Berne.

The nine figures group around the piano set for an evening's entertainment. Proud Papa presides, holding the plans for his new house, his womenfolk at his side, dressed in glorious shot silks and engaged in their knitting. It is a marvellous document of provincial family life at the end of the 18th century.

Most desirable of all, if not necessarily the most estimable, is the decorative still-life with musical instruments by Anne Vallayer-Coster. This delightful picture draws from Chardin - the copper urn, and areas of brilliant white - and yet the way she gathers together a cluster of objects, composes and paints them is in a spirit and palette quite her own.

The composition seems arbitrary enough, but a longer consideration reveals the care with which it was conceived. Matthiesen also boasts some fine religious paintings, a taut and complex sporting group by Oudry, and Claude Vernet's

last Salon picture, a proto-Romantic landscape which draws liberally from Salvator Rosa. The Walpole Gallery features two Rosas, and a Poussin. The latter, a landscape with goatherd, was attributed by Anthony Blunt to a figure he called the Silver Birch Master, but few scholars today believe in his existence.

Most remarkable are the extraordinarily bold, creamy rocks and contrasting deep shadows of Pietro della Vecchia's "Fantastic Landscape with Hermits".

The catalogue of the fourth show, at Heim until July 25, urges collectors to opt out of the gold rush towards buying big names for big bucks.

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COLLECTING

Antony Thorncroft finds that the Cotswolds have been turned into a national warehouse for antiques  
Such a a cosy corner for the dealers

STOW-ON-THE-WOLD, a sturdy old Cotswold market town, may be short of butchers, bakers and candlestick makers, but it is very long on antique shops. At the last count there were more than 30 of them, nestling around the Square, and lining the narrow streets by the church and up towards the Fosse Way.

When Christopher Clarke, currently chairman of the British Antique Dealers Association, set up shop in Stow in 1961 - mainly because he could not afford to operate from Broadway or Burford, the other two essential stops on the Cotswold antiques trail - he was on his own. Subsequently, the antique boom of the 1970s brought in a rush of dealers, and they are still arriving. But into a very different market.

Today the Cotswolds offer the biggest concentration of serious antique dealers outside London. "In an area 20 miles by 20 miles there are over 100 dealers. It is easy to park and the quality of the goods is very high," says Mrs Rowan, who sells 18th century English porcelain from her shop in Blockley and who is secretary of the Cotswold Antique Dealers Association.

trading for some London dealers in the smarter reaches of the Fulham Road. They can afford to own larger spaces, packed with a wide range of interesting, sometimes quirky, pieces, at bargainable prices. Some, like Jack Baggott in Stow, have large warehouses for trade eyes only (as well as three shops in the town), but most divide their business fairly evenly between other dealers and the private buyer.

So the traditional image of the Cotswolds, as littered with dainty little antique shops, stuffed with knick-knacks and run by dilettante ladies serving Americans tourists, is far from the truth. The Americans were a presence in the area in the past, and there are signs that this summer they may make a comeback after a long absence, but it is American dealers who are the key customers. Most Cotswold dealers have a good range of buyers, with regular private customers and the trade far more important than the passing holiday-maker.

The inevitable and remorseless shrinkage in the number of quality antiques in the UK has forced up prices, and these days dealers must promote their more expensive items through advertising and brochures: they cannot rely for sales on the spare cash of tourists.

It would take a lost holiday-maker to run across Ric James's shop, The Priory Galleries, off a lane in the village of Bishop's Cleeve near Cheltenham. This historic building is the family home, but a home dressed with paintings from the period 1890-1950. James, along with David Messum and Richard Green, has led the boom in the British Impressionists, thrusting Newlyn School artists into financial prominence.

Typically of the Cotswolds, James finds many of his pictures on the continent and has an unrivalled collection of work by the Belgian artist, Fernand Toussaint. He sells many of his paintings abroad, but there is a good demand for late Victorian watercolours from the rich new settlers in the Cotswold villages. And during those sudden slack months James ticks over by selling transparencies of the picturesque cottage scenes he has in stock to manufacturers of



Typical of Cotswold art, a Dorothea Sharp on offer at the Priory Galleries

living. And the balmy days of the 1970s seem gone for ever. Typical of the range of goods held by a general Cotswold dealer is that of the Baggotts of Stow, whose properties in the town range from a trade warehouse stuffed with oddities of every size and in every condition, to a new shop laid out like an elegant country house. Everything from a £3,000 George I ash chest on stand to a Solomon Islands club, from six Salvador Dali painted tiles of 1954 (£3,000) to a toy tinplate car, can be rooted out from their premises.

It used to specialise in early oak, but I found it very boring," says Jack Baggott. "All the other dealers and private buyers knew what I was going for. So I switched to arts and crafts furniture and then slowly on to everything. I've got items here from £12 to £40,000 and would expect to buy new things every day. I never go to an antique fair - I can't afford the time - but at Grosvenor House I've seen antiques on seven different stands that have come from me.

"It's been hard work this year. There are new pressures all the time. The trade get credit from the salerooms, and they now want it from other dealers. And the public expects more service. They want their purchases restored and delivered. I still think many antiques are under priced, especially furniture. I am selling mahogany chest of drawers for £3,000 which would cost £5,000 to make."

Here speaks the voice of the Cotswold dealer - down to earth, pragmatic, professional. Just across the street Michael Golding of Huntington Antiques presents the view of the specialist. He deals in early furniture - up to 1700, and, as that gets harder to find, increasingly in country furniture up to 1800. "Ten years ago I would have three or four 17th century refectory tables in stock all the time. Now I only have one." In the past most of his buyers were dealers but now, thanks to heavy advertising and promotional campaigns, he has more private buyers: he has just sold a £25,000 gothic stool through an advertisement.

Like many, but not all, Cotswold dealers Golding gives his customers a guarantee in writing that he will buy back any-

greetings cards. James now knows his market and accepts that, sadly, the Cotswolds is no place for challenging modern art. John Davies in Stow has tried to interest the locals in abstracts, but has tempered his enthusiasm and now concentrates on decorative items. His current shows include works by Dorothea Sharp and Walter Langley as well as an exhibition devoted to Ken Moroney, a follower of Edward Seago.

Other leading Cotswold picture dealers, like Richard Hagen in Broadway, his near neighbour John Noot, and the Fosse Gallery in Stow, also specialise in the popular late 19th and early 20th century art - Newlyn, the Scottish Colorists, illustrators, and country scenes, although Noot also sells clocks and barometers. In the last few years a "Cotswold picture" has emerged - undeniably picturesque and access-

ible, but not totally chocolate box and lacking artistic skill. Dealers in such works have touched a popular chord and they are prospering at the moment, more so than the furniture dealers, partly because their profit margins tend to be higher and they can survive on fewer sales, and partly because a picture takes priority over other antiques on the collector's list.

But if the Cotswolds has a conservative taste in pictures that does not mean that there are no bargains about: a William Scott that hung long on Davies' walls is now on offer at a Cork Street gallery for almost twice the sum. Indeed prices in the Cotswolds can seem quite attractive. Charles Clarke's shop on the corner of the Fosse Way has many unusual items reasonably priced, such as a large Danish wardrobe in pale northern woods for £2,000, and a very decorative Chinese export cabinet for £7,000.

He expresses the dilemma of the Cotswold dealer and the opportunity for their customers. "There is a psychological barrier when you leave London. An item of furniture that would seem a bargain for £25,000 at the Grosvenor House Fair would seem very expensive at £25,000 in the Cotswolds. But here you can buy a shop for less than your annual rent in Fulham." He gets by spending three days a week touring the country for antiques, calling in on regular sources who will have put aside items they know he might buy. By taking lower margins than in London - 30 per cent would be reckoned generous by many general furniture dealers, and nearer 20 per cent is normal - and quickly turning over their stock, the Cotswold dealers make a good, if hardly a rich,

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PROPERTY

Suddenly, it's Umbria

John Worrall discovers the charms of a remote area of Italy

FOR MANY expatriates, an Italian villa has long meant Tuscany. But time and the ripple effect wait for no man and now there is Umbria. The home of saints Francis and Benedict adjoins Tuscany to the south-east. It has no coast although, these days, that might be no bad thing. But it has mountains and lakes and its famous light in which the Renaissance painters revelled. It also has many abandoned dwellings on tree-clad hilltops, the stuff of which Italian retreats are now being made.

These dwellings - indeed, there are whole villages - were sited originally out of defensive considerations; neighbourly assault was once common courtesy. But, with peace descending, people went down into the commerce of the valleys and their houses were left to immigrant Sardinian sheep farmers or the ravages of nature.

Nothing changed for a long time because Umbria was too remote for new market romance. The world had discovered Italian hilltop villas but still thought in terms of proximity to airports; in that respect, Tuscany had it sewn up and the world seldom looked further. Umbria was still really in the hills.

But then a new road came through the upper Tiber valley; and among the first down that road was John Tunstall, an Englishman who had made his fortune making tin soldiers and was retiring to Italy. He had bought his own Umbrian eyrie which he and his wife would refurbish and in which, so he thought, they would settle down to live happily ever after.

The market thought otherwise. With expatriate interest rising in this newly accessible area, more local families began to see chances of shifting their long-abandoned wrecks. Soon, Tunstall found himself button-holed quietly by potential vendors who needed "Giovanni" to negotiate in English on their behalf.

This he did, and soon found himself in partnership with local estate agent Fabio Leali. They have since formed Italian Property, which now offers sites with refurbishment packages tuned to applicants' specifications by James Ribbings, a locally-based specialist in classical Italian design.

Applicants have a widening choice, from barn refurbishments on the lower slopes to projects like that at the village of Ghironso, a dozen or so dwellings scattered around a derelict hilltop castle near the northern Umbrian town of Città di Castello.

Although Ghironso was inhabited until this century, Tunstall first had to hack his way up there with a machete although there is now a road suitable for two-wheel drive vehicles. Structural repair has begun and the refurbished shells will then be fitted out to buyers' specifications. Communal tennis courts and a swimming pool will be camouflaged into the terrain.

The cost lies mainly in the works. A roofless ruin and a couple of acres of goat country might involve an up-front payment of £30,000 but refurbishment, at upwards of £500 a square metre, often puts the total into six figures.

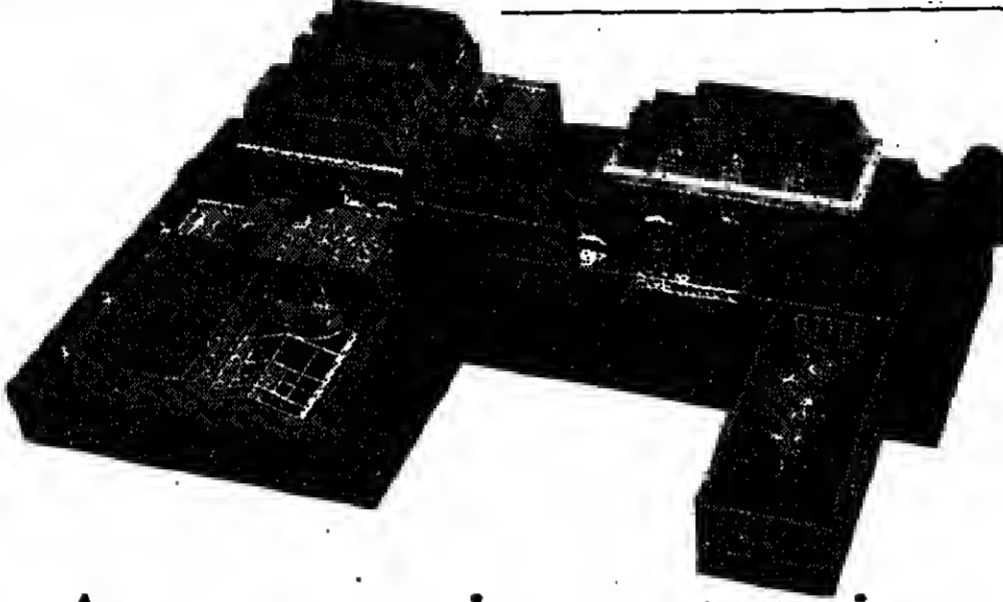
Many buyers are Britons with flexible lifestyles who can often let during absences in an improving rental market. Ninety per cent of buyers over the past four years have come from the UK, 65 per cent from London and the south-east. But greater numbers of expatriates retiring from Hong Kong were already in evidence before the recent trouble in China. Romans and Milanese also fig-

ure increasingly, helped by a buoyant local economy.

Funding can be arranged from the UK. The Royal Bank of Scotland, for example, operates a "capital release" scheme which provides a (non-Miras qualifying) extension to existing mortgages secured on UK property for overseas purchases. Italian capital gains tax is a consideration, but there is no local property taxation in the residential sector.

Access to Umbria is still a little circuitous. Despite talk of international air connections for the capital, Perugia, it now involves two or three hours' travel from Pisa, although less from Rimini. But for those who would live on a hilltop, that could be part of the charm.

Italian Properties can be contacted at Old Telephone Exchange, Eickington, Worcestershire WR10 3AP (tel. 0356 750-133; or, from elsewhere, a Città di Castello, 05012 (P.O. Italy tel. 010-83-75 855-3392).



An expensive extension

GARDENS, according to Tim Densie of Strutt & Parker, "can make or break a sale... With a steady supply of good properties coming onto the market, people can afford to be more selective and certainly take their time. So, a well laid-out and cultivated garden can be a crucial factor."

If a near-completed house in Holland Park, west London, is anything to go by, buyers may well be eyeing that well laid-out garden with an extension in mind. The British have become used to seeing anything green out the back as the site for a patio, a conservatory, then an extension, followed by an extension on that extension, with scope for another conservatory to fill in the rest of the space.

At numbers 4, 4a and 2 Queensdale Place, Holland Park, Giles Courtenay-Evans of Unique Estates has taken the extension (pictured above)

to its extreme conclusion by creating 2,760 sq ft of house, linked maisonette and additional self-contained house adding up to 11 bedrooms, half a dozen bathrooms and shower rooms and an oak-panelled billiard room.

There is also a 30 ft indoor pool that becomes an outdoor pool by opening the glass roof or an indoor/outdoor garden by a further series of electronic shifts of scenery.

If you are attracted by the idea of house-wide hi-fi, a thermostatically controlled wine cellar, computerised central heating and a water jet machine cum jacuzzi (plus never having to boil a kettle again because there is a constant boiling water supply in the kitchen), then you should talk to the agent, Farrar Stead & Glyn (01-373-5075), about the guide price of £3.45m.

John Brennan

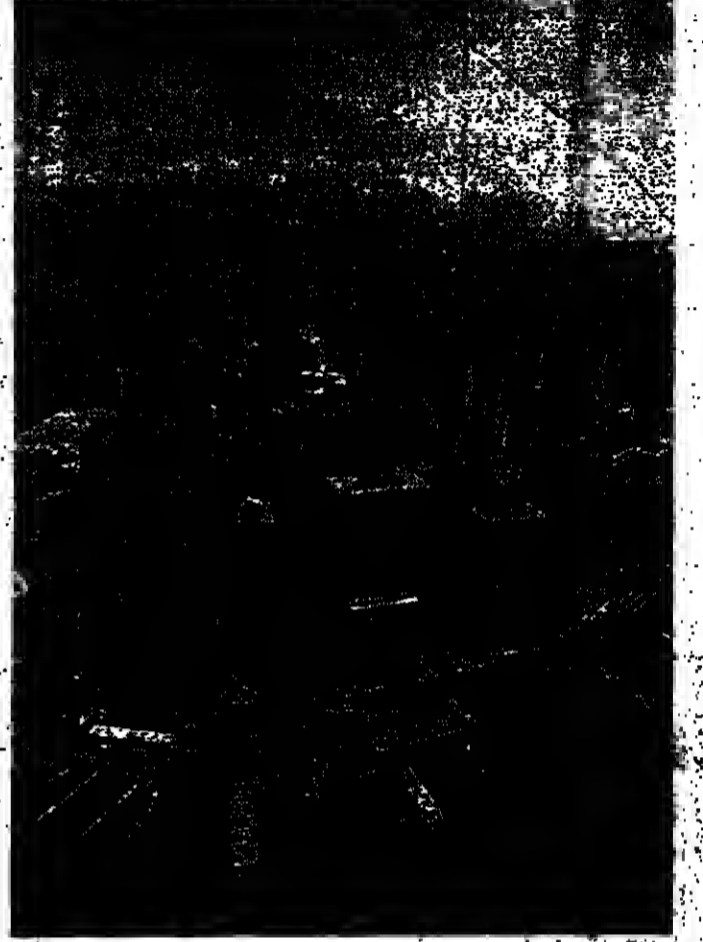
Pricing surprise

IT IS A DECADE since Manhattan lost its status as the most expensive stretch of real estate in the world to the pressure-cooker land prices of Tokyo and the reclaimed waterfronts of Hong Kong. But the impression lives on that a central-area New York apartment ranks as a luxury reserved for old dollars with new bank accounts.

US realty brokers visiting London, Paris or Rome normally smile politely when touring properties with their local counterparts. Get them on their own, however, and they express utter disbelief at the prices achieved on comparatively tiny European flats.

A survey of co-operative and condominium apartments in and around the city carried out recently by Gale Realty, a New York real estate group, underlines the extent of the US-EC price gap.

Gale (0181 2-585-4253) reports that, in the first quarter of 1988, the average price for a 2½-room apartment in a co-operative building on the upper west side of Manhattan (between 81st and 116th streets, west of Central Park) was \$115,000 (about £68,100). The same basic flat in the borough of Queens -



In the Forest Hill or Rego Park districts - averaged \$65,000. Move to Brooklyn and the average drops to \$48,000 in Bensonhurst and \$46,000 in

Flatbush. Comparable prices in condominium schemes range from \$133,000 in Manhattan to \$81,000 in Brooklyn.

J. B.

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BOOKS

Into Russia with love

J.D.F. Jones on Le Carré the novelist and the dawn of Glasnost

IT IS THE thriller writer, you might have thought, in the age of Glasnost. Where are the villains now? What price a mole? Who thrills to a spook? We still expel East European diplomats as in olden days and accept the traditional realisation but industrial espionage is hardly the stuff of our dreams, or of our bestsellers, and the real licence-to-kill business is surely out of fashion. It is a time to separate the men from the boys. John Le Carré, the arch romancer of the Cold War, here demonstrates what we have always known - that he is, of course, and always has been, so much more than a thriller writer; in *The Russia House*, Le Carré the Novelist tackles the new age.

THE RUSSIA HOUSE by John Le Carré Hodder & Stoughton £12.95, 344 pages

living individuals - Hayden, Lacom, Sam Collins, Esterhase, Guillan et al. of Smiley's lot. It is a weakness because Barley is a typically over-indulged Le Carré protagonist. Not for the first time you suspect that the author is a mite soft on his hero. At this important level the book is sentimental - and not just because Barley, like so many of Le Carré's central characters from Leamas to Smiley and, of course, including even Karla) is made vulnerable by love, but also because Barley is supposed to have charm. Rather as with the girl in *The Little Drummer Girl* or the father in *The Perfect Spy*, you may not feel quite the same way. It's a long way from the taut rigour of *The Spy who came in from the Cold*. (Let it be acknowledged that this book is blessedly shorter, more severely edited than the last three or four.)

Barley therefore is required to carry too much of the drama; the lady is a sentimentalised (and charming) Russian beauty who speaks like Jane Austen and has nice children; at the proper moment Barley stops drinking. But the appalling dangers in all this are averted, brilliantly, in two ways. First, Le Carré uses his narrator - Henry Feltzer, the Department's legal adviser - with the subtle purpose Conrad employed for Marlow, as the moral commentator ("our in-house umpire" as someone says). The book is a study in pairs. Ned the professional is matched with Barley the amateur, two Englishmen of the same age and class. Barley in turn is matched with Goethe, the dissident scientist. ("For most of his life Goethe had stood on one side of a corrupt and anachronistic equation while Barley in his ignorance had stood on the other. . . he would rather go Goethe's path than Ned's because his presence would be urgently



Le Carré: so much more than a thriller writer

required in the extreme middle ground of which he had elected himself a citizen. . . ) And at the heart of it Barley is contrasted with Harry the narrator, Harry who, unlike Barley, has failed to commit himself to the woman he loves: "I chose the safe bastion of infinite distrust in preference to the dangerous path of love." Barley hereby becomes hero. Second, and overwhelmingly, here is Le Carré tackling the Moscow and Leningrad of Glasnost. The sheer detail and colour of it are magnificent. The excitement of what is happening today in the Soviet Union is never in doubt. "If the

ice is thin, we must walk fast," quotes the girl; the new revolution must be pushed through or all could be lost. Barley defects; he hands over Western documents in a bid - which may or may not succeed - to save his new woman and (we do not know) bring them together. He has come a long way from Le Carré's heroes of a generation ago. "The oldisms were dead, the contest between Communism and capitalism had ended in a wet whimper. Its rhetoric had fled underground into the secret chambers of the grey men. . . He knew a better England by far and it was inside himself. . ."

IN 1888, W.B. Yeats had Christmas dinner with Oscar Wilde: "Ah Yeats, what Irish are you poetical to be poet; we are a nation of brilliant failures." Perhaps all the Irish need is someone to be Irish at; here Wilde summons a national identity which consists in fashioning exactly this kind of enigma about itself. William Trevor's introduction to the *Oxford Book of Irish Short Stories* makes a similar point, but claims both for Irishness and for the short story. Trevor's eclectic gathering of 45 Irish writers sits uneasily behind his expansive gestures: "The Irish delight in stories, of whatever kind, because their telling and their reception are by now instinctive. He sets the modern short story against a "pervasive deeply rooted oral tradition." The literary short story arises from Irish unease with the civilised bookishness of the novels, and feeds off an Irish audience "for whom fiction of brief duration - irrespective of how it was offered - was the established thing." Trevor concludes: "to this day

Irish spinning yarn

the novel has not flourished in the same way." The anthology rests squarely on William Carleton's "Death of a Devotee," Seamus O'Kelly's "The Weaver's Grave" and that archetypal Irish short story, James Joyce's "The Dead." But Trevor rightly justifies two stories apiece from Liam O'Flaherty, Sean O'Faolain and Frank O'Connor. O'Flaherty's strange, demonic pedlar in "The Pedlar's Revenge" stands on the margins of life yet kills a man with a casual joke; his racist confidant in "The Fanatic" spits some truths in the bar and blames the motive for his wife's moral decline; sure enough she leaves him for America. In fact the importance of elsewhere haunts these stories. Sean O'Faolain delightfully assembles foreign literary pretentiousness in "The Faithless Wife," which invokes Molly

"Sugwan Chair," where the sight of the old attic chair brings back, with an October scent of turf and apples, a vision of parental joy and wistful craving for the past which animates the collection: "I saw my mother and father again as they were that evening - 'standing' over the autumn sack, their arms about one another, laughing foolishly and madly in love again." Frank O'Connor appears with "Guests of the Nation," his frightening account of the murder of two British soldiers by their Irish captors; and with the delightful "The Majesty of the Law" where the local police sergeant serves a warrant on his neighbour with charming diffidence, leaving him to come to prison when it suits him. O'Connor (born Michael O'Donovan) joins other writers from County Cork: Professor of English at University College

Cork, Daniel Corkery; Edith Somerville and Violet Martin ("Martine Ross"), buried together in Castletownsend; and Trevor himself. They balance the Dublin leanings of the collection: George Moore, Sheridan Le Fanu, Wilde and Joyce. Among the contemporaries, Trevor includes Desmond Hogan, Julia O'Faolain and Brian Friel. His haunting story, "The Diviner" starts the search for a drowned stone-mason; he is found with the whiskey he has been drinking, and his widow mourns him and her lost respectability. The collection includes many such chronicles of death and dying. But none hurts more than "Life Drawing," Bernard MacLaverty's poignant account of an artist returning home to his dying father, drawing him from life as the old man dies before the sketch is completed: "He stood up from the kneeling position and closed the sketch book that was lying open on the bed. He might work on them later. Perhaps a charcoal series." Andrew St George

BOOKS OF THE MONTH

- GOOD BUSINESS: A Guide to Corporate Responsibility and Business Ethics. Edited by Charles G. Latham and John Drummond. £12.95.
SUCCESS SECRETS: The street-smart executive's guide to how to beat the competition from the author of the international bestseller What They Don't Teach You at Harvard Business School. £12.95.
THE CREATIVE MANAGER: Roger Evans and Peter Russell. 'An essential book, useful and uplifting' - Professor Charles Handy. £12.95.
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FOUR PORTRAITS: Homish Hamilton £15.95, 144 pages.

Gallic view of England

THE RELATIONSHIP between a writer and a particular place, as with Proust and Venice, often reveals as much about the writer's temperament as about the place itself. Philippe Daudy first became aware of England and the English during a childhood spent in the Horn of Africa, where in the evenings his mother would read Dickens to him and his two sisters. When the family returned to France in the early 1930s, he began his own impassioned exploration of English literature, and when, in 1946, he joined the French news agency, AFP, he at last had a chance to discover the realities that lay behind it. He liked what he saw, and this essay is the fruit of long residence and an affectionate scrutiny of the manners and customs of the island race. Inevitably his journey of discovery has taken him down some well-trodden paths, following in the footsteps of Colonel Bramble, Major Thompson, and other anglophile predecessors. But, if some of the aspects of English life that he

LES ANGLAIS by Philippe Daudy

LES ANGLAIS by Philippe Daudy. Pion (Paris), FRF 130, 440 pages. presents through French eyes are familiar and his reactions predictable, he also has many fresh and unexpected insights, and, if he is generally indulgent, he is not an uncritical admirer. Daudy betrays a hint of Gallic bemusement in the face of certain phenomena, such as English attitudes to sex and the mysteries of the common law. But he is far more perceptive of the nuances of the English social comedy than those of his compatriots nurtured on the legend of *perfidia Albion* and shows a nice wit in describing recent changes, not least sartorial. ("L'invasion américaine des jeans a provoqué les membres supérieurs des classes supérieures. . .") The writer is at his best, however, in dealing with rather weightier matters. He is particularly good on certain institutions which have often perplexed French observers, such as the Church of England, the public school system, the function of the law courts, and the relationship between the monarchy and the people. He is also well aware of the radical transformations that have been taking place over the past decade under successive Conservative governments headed by Margaret Thatcher, and he has brought his narrative succinctly to the present to account the recent tribulations of Edwina Currie and the controversies surrounding the proposed reforms in the Health Service and the legal profession. A certain haste to meet a deadline is perhaps the explanation for a rash of misprints, and the handling of English names and titles seems to have caused the author particular trouble. This is a pity because, apart from that, *Les Anglais* provides an admirably shrewd view of England and the English today and what makes them tick. Erik de Mauny

Four portraits

CLARENDON'S FOUR PORTRAITS edited by Richard Ollard. Homish Hamilton £15.95, 144 pages. word on them, pinning those ephemeral butterflies down in lapidary prose. The fullest portrait is that of the cavalier Lord Digby, brilliant and plaudible: "The only man I ever knew of such incomparable parts, that was never the wiser for any experience or misfortune which befall him." Or again: "So great a power he had always over himself that he could believe anything that was grateful to him." Thus these figures are ticked off: Lord Berkeley of Stratton, Harry Jernyn, Arlington, who had a way of "turning the graves and most substantial discourses into ridicule, which was a wit much in fashion." They had ridiculed the old man. Here we may say - thanks to Ollard's excellent researches - that he has got his own back on them. A.L. Rowse

Face to face with the reality of delinquency

Terence Morris on the treatment of young offenders

DEALING WITH YOUNG OFFENDERS has been a constant concern to penal reformers and innovators for the last 200 years. The 18th century, with its repressive penal laws, made no distinctions between children and adults; the 19th century, with its humanitarian approach to social problems and a commitment to the rational ordering of social institutions, soon distinguished between adults and juveniles in terms of both their needs and responsibilities. Juvenile delinquency as a concept was invented by the pioneers of welfare.

JUVENILE OFFENDING: PREVENTION THROUGH INTERMEDIATE TREATMENT by Sarah Curtis. Basingford £3.95, (paperback) 197 pages.

It is about IT that Sarah Curtis' book is written. A Chairman in the Inner London Juvenile Court (a group that is probably the most powerfully articulate and influential within the entire magistracy) she is well placed to write on the subject. It is about IT that Sarah Curtis' book is written. A Chairman in the Inner London Juvenile Court (a group that is probably the most powerfully articulate and influential within the entire magistracy) she is well placed to write on the subject. It is about IT that Sarah Curtis' book is written. A Chairman in the Inner London Juvenile Court (a group that is probably the most powerfully articulate and influential within the entire magistracy) she is well placed to write on the subject.

was distinctly unpopular. The Infill was achieved in the form of Intermediate Treatment, known to its practitioners and beneficiaries as "IT" and not to be confused with information technology. It is about IT that Sarah Curtis' book is written. A Chairman in the Inner London Juvenile Court (a group that is probably the most powerfully articulate and influential within the entire magistracy) she is well placed to write on the subject.

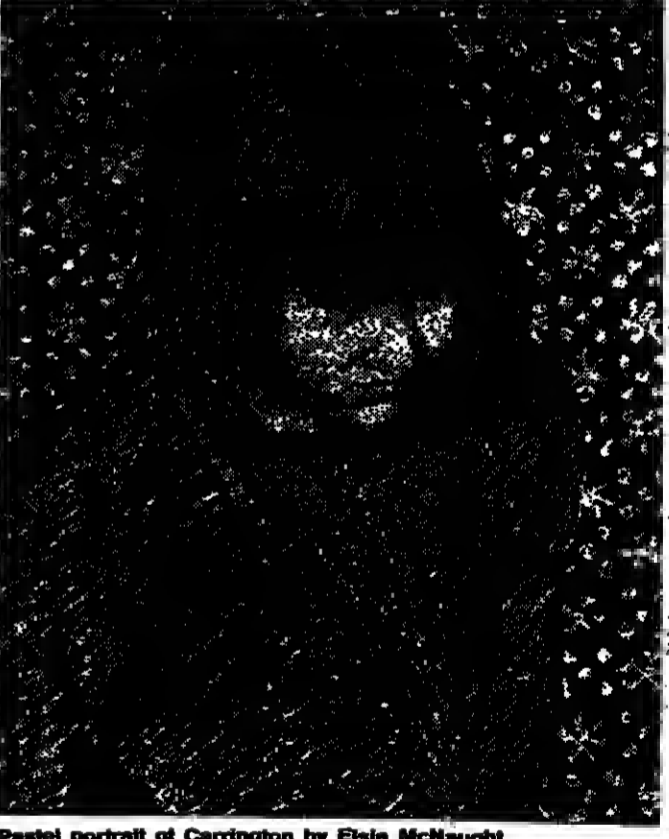
characterised by their originality and the enthusiasm of those who have tried to make them work. They are by no means perfect, as the author indicates in a final chapter in which she makes her critical appraisal and offers suggestions for development. But the central point of her argument is perhaps the fact that IT is so differentially available throughout the country. Whereas all courts have the ability to send offenders into custody - and to place them under non-custodial supervision - not all have IT schemes available to them. This cannot be other than undesirable in a criminal justice system which seeks to be equitable and must surely increase the possibilities for some youngsters to get a custodial sentence *faute de mieux*, even though the numbers in custody have fallen from some 7,000 in 1981 to 4,500 in 1988. The custodial solution, so popular with the Victorians for all social deviants, represents poor value for money and is largely inhumane, save with respect to very long periods of incarceration, and even then social peace is often bought at the cost of the damage done by the offenders concerned. Even to satisfy the demands of the largely uninforming "law order" lobby, non-custodial alternatives must have a demonstrable "credibility." In this respect Curtis' book provides a lot of encouraging evidence. It is, in a sense, a highly technical book that will be of the greatest interest to specialists; it is, however, written in a style which is clear and scholarly. It should be on the prescribed reading lists of all students of the penal system and social workers concerned with the care of young offenders. It will be certainly commended by the greatest of specialists: it is, however, written in a style which is clear and scholarly. It should be on the prescribed reading lists of all students of the penal system and social workers concerned with the care of young offenders. It will be certainly commended by the greatest of specialists: it is, however, written in a style which is clear and scholarly.

Beyond protecting society from the depredations of the utterly depraved and the physically dangerous, there is little to be said for locking up young offenders, most of whom, mercifully, seem to grow out of their offending by some natural process of maturation. The IT schemes which Curtis discusses range from inner city programmes, like the Junction Project in Lambeth - surely one of the very pits of social disadvantage in contemporary Britain (a land in which certain government ministers would have us believe that such things scarcely exist) - to rural West Sussex. The various schemes are

characterised by their originality and the enthusiasm of those who have tried to make them work. They are by no means perfect, as the author indicates in a final chapter in which she makes her critical appraisal and offers suggestions for development. But the central point of her argument is perhaps the fact that IT is so differentially available throughout the country. Whereas all courts have the ability to send offenders into custody - and to place them under non-custodial supervision - not all have IT schemes available to them. This cannot be other than undesirable in a criminal justice system which seeks to be equitable and must surely increase the possibilities for some youngsters to get a custodial sentence *faute de mieux*, even though the numbers in custody have fallen from some 7,000 in 1981 to 4,500 in 1988. The custodial solution, so popular with the Victorians for all social deviants, represents poor value for money and is largely inhumane, save with respect to very long periods of incarceration, and even then social peace is often bought at the cost of the damage done by the offenders concerned. Even to satisfy the demands of the largely uninforming "law order" lobby, non-custodial alternatives must have a demonstrable "credibility." In this respect Curtis' book provides a lot of encouraging evidence. It is, in a sense, a highly technical book that will be of the greatest interest to specialists; it is, however, written in a style which is clear and scholarly. It should be on the prescribed reading lists of all students of the penal system and social workers concerned with the care of young offenders. It will be certainly commended by the greatest of specialists: it is, however, written in a style which is clear and scholarly.

A mystery to the end

HER PARENTS called her Dora. Lytton Strachey, whom she adored to the point of idolatry, used the Shakespearean pet-name, Dopsa. But her friends knew her simply as Carrington, the style she adopted from her student days at the Slade. And it is as Carrington that she has gone down to posterity. The story of how Dora Carrington, in the aftermath of Lytton Strachey's death from cancer, committed suicide shortly before her 96th birthday, has been told before, most notably by Michael Holroyd in his mammoth *Lytton Strachey*. Much may be gathered about her too from the edition of her letters edited by David Garnett, as well as from the small *Portrait of Dora Carrington* by Aldous Huxley in his *Garsington* novel, *Crome Yellow*, and another by D.H. Lawrence in his remarkably vindictive short story, "None of That," where the Carrington-style heroine ends her days the victim of a gas attack arranged by a Mexican bull-fighter and his cronies as retribution for her frigidity. But in spite of all previous attempts to fathom her, no-one until now has done so more fully, more, Princeton and Vassar academic, has put Carrington at the centre of the stage and turned the spotlight full on her in a biography of which she and she alone is the subject. This was well worth doing. Gerzina's carefully written and conscientiously researched book contains a more sustained account of the painter's states of mind and fluctuating fortunes than anything published hitherto. At the end of the mystery remains: the secret places of the heart of Carrington which not even so dedicated a biographer as Gerzina can penetrate. And this seems right: Carrington is ultimately mysterious or she is nothing. We think of her as a part of Bloomsbury, and she will always have an important place in any attempt to map the members of that society, but the truth is that Bloomsbury, meaning primarily Leonard and Virginia Woolf, Roger Fry and Clive Bell, looked down on her from a lofty eminence. They found Lytton's *memoire* which Carrington administered first at The Mill, Tidmarsh, Berkshire, and then at Ham Spray near Hungerford, hard to comprehend. How could a



Portrait of Carrington by Elaine McNaught

CARRINGTON: A LIFE OF DORA CARRINGTON 1893-1932 by Gretchen Gerzina. John Murray £18.95, 342 pages.

man of such superb intellect bear to be surrounded by such inferior minds, the inner core of Bloomsberries asked themselves. Virginia, who did in the end accept Carrington and even became a friend, thought of her initially as "a cook who doesn't go out on Sunday." Carrington paid a heavy price for her belated Bloomsbury education. But it seemed worth it when, after dinner with the curtains drawn, Lytton read aloud to her the works of Marlowe and Racine. Nor did Bloomsbury think much of her art. Roger Fry and Clive Bell gave her but meagre crumbs of praise in that direction. She was useful to them only when woodcuts and other decorations were required for the publications of the Hogarth Press. And yet, what a good painter she was - not just in the field of portraiture but also as a flower and landscape artist, those glowing, head-on depictions of the places where she lived with Lytton or visited in Spain are superb in their simplicity.

In her emotional life, which the biography discloses with tact and thoroughness, Carrington had a genius for creating interminable triangular situations of which she was the apex and which she could never bear to resolve. It was this indefinite prolongation of unresolved affairs that so outraged Lawrence. Mark Gertler and "Chips" Newton, fellow students at the Slade, were the original pair of competing lovers; later their roles were taken up by Gerald Brennan and Ralph Partridge who, egged on by Virginia, actually succeeded in marrying her. But marriage only meant another emotional tangle: Carrington, Ralph and Lytton. In between there was an American lady, Henrietta, with whom she had a brief but love-affair. Finally there enters a Cambridge undergraduate, Frances Marshall, with whom Ralph falls in love and who married him after the deaths of Carrington and Lytton. A female Fortinbras coming in to pick up the pieces at the end of *Hamlet*, as it were, in its scrupulous account of Carrington's private life, this biography makes the wider imaginations of Dame Iris Murdoch seem like the proverbial vicar's tea party. Anthony Curtis

1501 من الاربع



DIVERSIONS

I DO NOT know why the Honorary Consul was so concerned. When I got there I found that Madagascar had a perfectly satisfactory system of press censorship.

The mistake I'd made when I applied for my visa was to tell him that I planned to write some articles on my return.

He issued me a tourist visa and charged \$20. Actually, as I soon discovered, everyone travels on a tourist visa.

The latter is impossible to miss, though rather old news. Since their arrival on canoes some 1,500 years ago (from Indonesia via East Africa)

with wooden steps. I expect to run into a team of conservation volunteers at every turn.

"How did you know we were here?" asks a nervous but determined-looking blonde.

"You're in the guide book. American university team, hoping to make this chunk of forest into a nature reserve."

"OK. Good." She seemed to search for the next question.

"You're not supposed to be here without a guide," pipes up another girl.

"Dressing warily, I set off next morning. The silt-and-burn style of local cultivators has shaved the hillsides well above the ears.



The aye-aye - small, furry, loves insects and the rainforest

Aye-eyes love cheese

Simon Hale ventures into the Madagascan rainforest

ing. It better still be there." We finish our stew and cheese. It's dark now. Pat checks her torch.

"We sit listening for one of the rarest animals in the world, and all we can hear is bloody traffic"

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way listening for grubs under the bark. You saw a pale belly? That's the aye-aye's right. Maybe it's a new subspecies?

The aye-aye has a long, narrow third finger which it uses to draw insects from their tunnels.

After midnight, Roger and I tramp back down the road, I to the hotel, he to his village.

Pat is well aware of the problem. She visits all the villages. There will be technical assistance to convert the hillsides to intensive cultivation.

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Goldsmith: Nature's gifts are not provided unconditionally

A society that lost its Way

I AM A traditionalist. By that I mean that I see traditional society as the best we can achieve.

Traditional man also realises that it is from the living world that man, like all other forms of life, derives those benefits on which his welfare must inevitably depend.

Traditional man also realises that Nature's indispensable gifts are not provided unconditionally, as we naively assume them to be.

Traditional man the technosphere or man-made world is the sole source of benefits. It is only in terms of the availability of man-made commodities such as cars, refrigerators, plastic buckets and processed foods that his standard of living is measured.

Traditional man, there is a specific cultural behaviour pattern that assures the maintenance of this critical cosmic order.



from wars and famine... For them the earth brings forth food in plenty, and on the hill the oak tree bears acorns at the top and bees in the middle; their sheep have heavy fleeces, their wives bear children that are like their parents."

Among all these peoples the "Way" was identified with their traditional social law - technosphere, or man-made world - the product of economic development or "progress" - as the source of all benefits.

Traditional man the technosphere or man-made world is the sole source of benefits. It is only in terms of the availability of man-made commodities such as cars, refrigerators, plastic buckets and processed foods that his standard of living is measured.

Teddy Goldsmith gives a personal view of man's relationship with the Cosmos

always been regarded by traditional man as "sacred." Thus, when the Chinese philosopher Lao Tsu asks: "Do you think you can take the world and improve it?" he is asking a rhetorical question.

Significantly, modern science and hence modern scientific ecology (as opposed to the ecology of the Ecological or Green movement) rejects the very notion of the natural world's "critical structure" or the "balance of Nature."

For modern man the technosphere or man-made world is the sole source of benefits. It is only in terms of the availability of man-made commodities such as cars, refrigerators, plastic buckets and processed foods that his standard of living is measured.

Traditional man, there is a specific cultural behaviour pattern that assures the maintenance of this critical cosmic order. The Greeks referred to it as *dike*, which also meant justice and righteousness. It was only by observing the *dike* that man's needs could be satisfied.

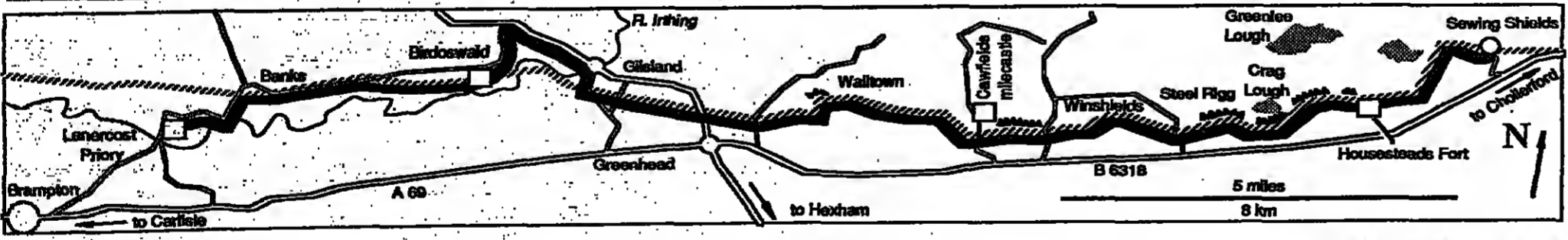
Finally, traditional man interprets any disaster - whether it be drought, flood, earthquake, famine or epidemic - as a sign that the other members of his society have diverted from the "Way," and that the only conceivable way of remedying the situation is to correct that diversion and return to the "Way."

Indeed, the terrible social, ecological and climatic problems that we face today - and which must cause impoverishment, famine, and death on a scale unprecedented in the human experience - are but the other symptoms of the serious disruption of natural systems (families, communities, ecosystems, the biosphere itself) under the impact of our evermore disruptive economic activities.

Unfortunately we tend to interpret them as the symptoms of "underdevelopment," as if our failure to have diverted sufficiently from the "Way," an interpretation which justifies more economic development, still further increasing the seriousness of our problems.

I am afraid to say that if man is to survive the next few decades - as he will have to learn very quickly to interpret his problems correctly, as our ancestors did for tens if not hundreds of thousands of years. It will then become apparent that there is no alternative but to correct that gross diversion from the "Way" that was triggered off by the industrial revolution, and to re-adopt a cultural behaviour pattern that seeks once more to preserve the critical structure of the living world.

Roger Gilbert



Walks Through History In the footsteps of Hadrian

THE CLEAR bubbling of a curlew came over on the wind as I left the car at Sewing Shields, on the roof of England, with the view dominated by sky and distant hills.

It took eight years for the Roman legions as labourers, with *clivus* was dug on the north side and a wider ditch, *agger*, on the south side.

300 years the Wall was over-run and finally, towards the end of the fourth century, it was abandoned.

For the first few miles the wall follows the White-ell, an may see rock climbers at work on the buttresses and crags.



Hadrian's Wall: a barrier against the barbarians

sheer cliffs of Craig Lough. Peer over the edge to the reedy lake with its gliding swans and you may see rock climbers at work on the buttresses and crags.

The monumental scale of Hadrian's Wall is paralleled by the magnificently wild and pleasant contrast to Housestead's, rarely do man-made features blend so perfectly with nature.

As you approach the village of Gilsland the Wall disappears, to reappear on the Cumbrian border at Fellhouses Burn Milcastles. Thereafter it passes through the old vicarage garden in Gilsland and descends to the river Irthing at Willowford.

For two miles beyond Birdswald the stone and turf walls take different lines, but they merge at Wall Bowers and proceed together to Banks. Several excellently preserved turrets stand on this stretch while, south of the Wall, at the quarry of Coombes, Roman soldiers can be seen.

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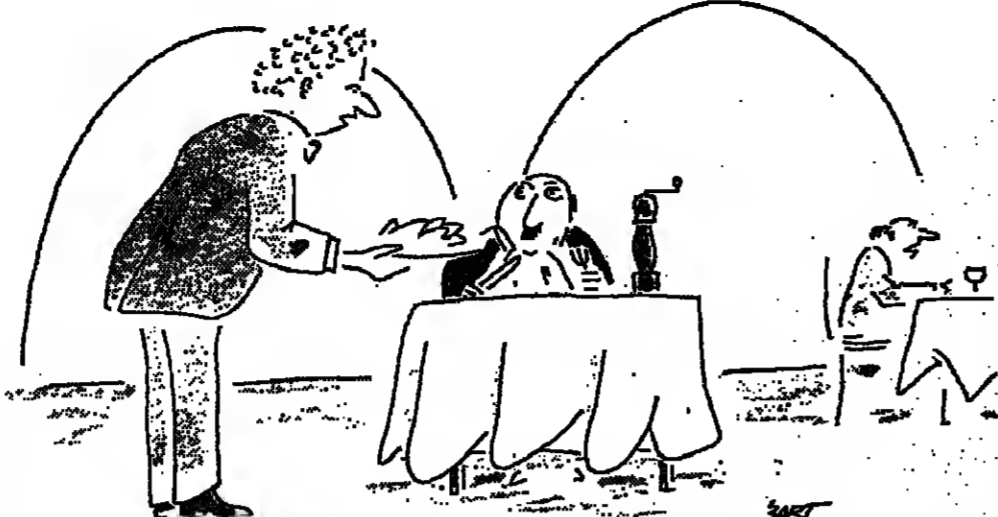


DIVERSIONS

Eating Out

You are what you eat — so keep it clean

WHAT ACCOUNTS for the present dramatic incidence of food poisoning — particularly worrying in that it attacks the most vulnerable among us: babies, the elderly and the pregnant? What can we as consumers do about it, and how can we encourage restaurateurs to take better care of us?



SOME FRESH SALAD WITH YOUR PEPPER, SIR?

Nicholas Lander laments falling standards of food hygiene

nella and listeria. Two weeks ago funding was withdrawn from the Institute of Food Research at Bristol — our major research centre for meat and meat products — and last week government approval was granted for the sale of a range of irradiated products, despite lack of evidence that they are safe. At the same time the body of Environmental Health Officers, whose job it is to patrol public eating places, is understaffed by 400.

trusted with looking after what we eat are ourselves: if we feel that we are not up to it, or that those in the catering trade are letting us down, we must do something about it. Basic information on this subject is available in *BBC Food Check* by David Edwards and Peter Bazalgette (BBC £2.99), but unfortunately it is patrolling in tone and badly written. A more serious and important book is *Safe Shopping, Cooking and Eating* by Professor Richard Lacey (Penguin £4.99). The 56 pages in this book would cost you a lot of discomfort.

contamination of food and will change your cooking habits for the better. There is also a range of knives, colour coded to match, from £3.50 each. They are all available by post from Andrew Nisbet and Co. Freeport (BS 4675) Bristol BS2 0TZ (tel. 0272-555643), which is doing a roaring trade in them as well as in stainless steel pots and pans as a result of the aluminium scare.

The catering trade must, however, realise that the potential of the present food poisoning epidemic (as Professor Lacey calls it) could be as damaging as the anti-alcohol lobby may be to the drinks industry. It must seize the initiative. There are now a number of culinary competitions, national and local, which should be stressing the importance of hygiene. One of our large hotel or restaurant chains should see the effectiveness, both in human and publicity terms, of issuing every one of its employees with a copy of Richard Lacey's book — for bulk orders it may cost no more than £1.50 per copy.

Ultimately, though, the responsibility lies with you, not just in getting up to date with what is or is not good for you, but also in learning how to prepare and cook your food. And these responsibilities now continue into the restaurant: if served by someone who clearly ignores the most basic rules of personal hygiene you have even more justification for bringing this to the notice of the restaurant than if your steak was overcooked.

The 'kings' of Alsace

NO WINE-GROWING region in Europe has had a more turbulent history than Alsace, not even periodically invaded Champagne. It has a wine-making record as ancient as most of the rest of France, but has been repeatedly ravaged by contending armies.



Jean Hugel

attended was a tasting of a dozen Selection de Grains Nobles from 1988 back to 1934. I found the two Rieslings — '88 and '76 — particularly attractive as they were more elegant, less overwhelming than the eight Gewurztraminers — '81, '76, '71, '67, '63, '59 and '54. The two Tokay Pinot Gris were '83 and '76, and the younger was perhaps the richest of the whole tasting, with a lovely, oocous bouquet and almost a liqueur-like flavour, perhaps almost too rich.

Under such circumstances it is nothing short of amazing that one family, which in devastated Hugelweih began in 1639 to grow and sell wines on the eastern slopes of the Vosges, should have survived and flourished until today to celebrate its 350th anniversary; Hugel & Fils. And throughout in the male line.

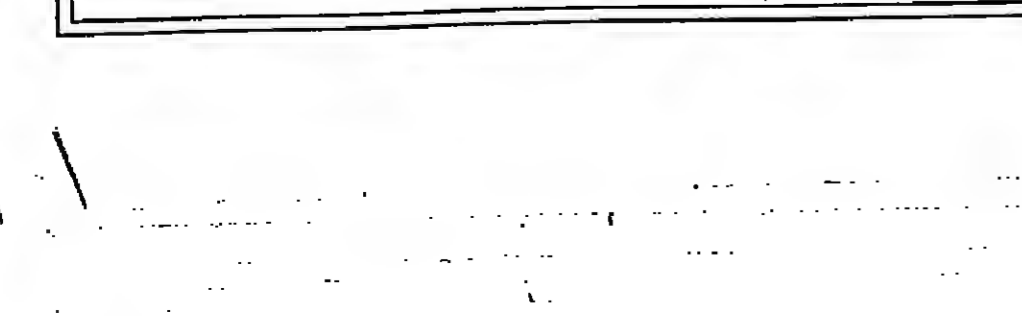
Although the Hugels can trace their origin in Alsace back to the beginning of the 18th century, it was in 1837 that Hans Ulrich Hugel settled in Riquewihr and eventually became head of the important Corporation of Winegrowers.

It is the leader in producing and marketing the sweeter, richer wines that used to be called, like similar German wines, Spätlese and Auslese. But since the 1968 vintage they are labelled with the clumsy, but at least French, terms of Vendange Tardive and Selection de Grains Nobles. It was Jean Hugel who devised these names that later were adopted by other firms and in 1984 became law.

THERE IS ONLY ONE WINE SALE.

Table listing wine brands and prices. Columns include Brand Name, Bottle Price, and Dozen Price. Brands include Harrods Claret, Chateau Des Arras, Chateau Cissac, etc.

Carriage free within our inner van delivery area. Carriage extra on all other orders. All reductions are from Harrods Usual Prices. SALE COMMENCES THURSDAY JULY 6TH. Sale Opening Hours: Thursday 6pm to Saturday 8am, 9am to 7pm. Monday 10th to end of Sale, 9am to 6pm. Wednesday 9am to 7pm. Harrods, Knightsbridge, SW1. Telephone 01-730 1234.



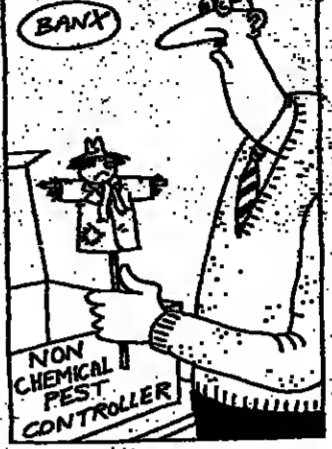
Gardening In praise of potions

AS THE arguments about the use of chemicals by gardeners — fruit-growers and farmers become fiercer and more confused, it seems sensible to restate a few facts that should not be controversial.

Green plants are designed to live on chemicals: animals are not. It is a difference so profound that many people find it difficult to grasp. Fertilisers, they assure me, are just tonic; what plants require is a good square meal of organic food.

averted. It is right that there should be constant watchfulness, though the laws and regulations now in force controlling the sale and use of farm and garden pesticides are almost certainly sufficiently stringent to prevent any further serious excesses.

In fact, plants have the unique ability to synthesise their own complex organic compounds from water, oxygen, carbon and a few other chemicals variously available to the soil. They use sunlight for energy and the green colouring of their leaves as the catalyst.



Most fungicides — the ones caused by fungi — are effective against a number of different diseases. There is probably little danger in this, since there are few fungi likely to be affected by the chemicals that cause them. It is different with insects, many of which are useful as pollinators, or as predators of harmful creatures, or which are simply welcome for their own beauty.

The use of pesticides and herbicides is a different matter. It extends far beyond simple chemicals or naturally occurring compounds into the realm of wholly man-made molecules made possible by our relatively recent mastery of the necessary techniques. Since many of these compounds are entirely new, it is only possible to discover what effects they will have by trial.

Every pesticide and herbicide on sale in garden shops has passed all these tests. The most up-to-date published list of these chemicals is the *Handbook of Garden Chemicals*, 1989, which can be obtained for £1. post free, from the British Agrochemicals Association, 4 Lincoln Court, Lincoln Road, Peterborough, PE1 2RP.

For these reasons, there is advantage in having insecticides which are specific to one or two insects. This is why I like pyrethroids, which kills only beetflies, blackflies and other members of the aphid family. It would be nice to have other equally clearly targeted ones: caterpillars, or weevils, or leatherjackets.

It is most convenient that two of the best English gardens to be made this century stand within 200 yards of one another. It is even more convenient that quite so many of the people who visit the National Trust's garden at Hidcote, in Gloucestershire, lack the will or stance to take in the garden of Kiftgate Court, which stands at the bottom of Hidcote's long drive.

One rose Kiftgate, growing free, would look decidedly surreal when seen at night against the beam from an abandoned underwater swimming-pool light.

The garden is greater, even than its great, uncontrollable rose. It stands on a high escarpment which slopes down a dry bank, about the most difficult site of all. It is here that I first learned the value of campanula Latifolia Highcliff, because it is a spectacular sight on the dry bank on gaps between the shrubs and plants of it are sold with the

white and pale lilac form on stands at the garden gate. They are superb plants for difficult places and awkward corners. The plant stands, by contrast, are excellent sources of some rare varieties. Last weekend, you could have bought sizeable ramondas at £2.50 each, and I think I had a few unthoughtful examples of the small scented orange blossom, Philadelphia Sybil, although I did note that it had grown much taller than expected in the garden itself. It is not exactly possible to buy instant plants of things as spectacular as the garden's pink astroemerias, which seem to improve as the years go by. I was bowled over by a white-flowered hydrangea Kantoensis Wilcox, which has reached the size of a small tree. It is a stunning example of the

SAVE £235\* LATE SUMMER SUPERDEAL. Buy any Westwood garden tractor, and take the top quality 4201 16hp cut lawnmower absolutely free! Limited quantities available only. WESTWOOD TRACTORS quoting 014 when connected. Doing a good deal more.

Edmund Penning-Rowell

Vertical text on the right edge of the page, including 'ROSE OF ALL ROSES' and other fragments.



HOW TO SPEND IT

A good belt and a clip around the ear are just two of Lucia van der Post's fashion recommendations

Found: accessories after the fact

FOR HER

THERE ARE those whose response to the "fall wardrobe but nothing to wear" syndrome is to rush out and buy some more clothes which make the wardrobe even fuller but don't always seem to solve the problem.

Many of us were brought up on the mythology of clever French women who twirled a scarf here, a dashing belt there, added a pair of up-to-the-minute earrings and bingo - she looked a million francs.

A stylish belt can update not just one dress but several. A new season's pair of shoes freshens up any wardrobe while we've all seen how mood can be established by clever jewellery.

At two recent rather large and grand occasions some fellow guests illustrated the principle perfectly. One, an admittedly stunning blonde who would have looked good in rage, had completely customised her simple Next outfit of long-sleeved black blouse and long, pleated skirt by adding Chanel-style gilt buttons at cuffs and down the front.

She linked the two with the newest real Chanel belt (you buy the belt and with it comes a dangling, detachable miniature quilted, gilt and ribbon-handled handbag) and sporting hand, indisputably



real, Chanel gilt earrings. All those accessories will go on adding zest to her wardrobe long after the Next number has been sent to Oxford.

Another guest was wearing a simple black dress of no particular lineage (so far as I could tell) but it was transformed by an amazingly generous and dashing black and white chiffon scarf-cum-shawl. The same principle could be seen at another party where an elegant fashion designer was wearing simple black trousers and a top. The outfit was completely made by one

eye-catching, ethnic-looking necklace.

This summer's look is quite strongly ethnic, so freshen up the wardrobe with bold and colourful ethnic jewellery, either big and gold or brilliantly jewel-coloured. Look out for animal print chiffon shirts and sarong-styled skirts. A pair of sharply-cut city shirts will update any jacket, a little suede bomber jacket for cooler days looks very NOW.

Indian embroidered slippers - preferably from Romeo Gigli or from Callaghan - are in most fashion editors' wardrobes. For the trouser-wearing brigade jodhpurs are this year's choice. Miniature rucksacks are doing double-duty as handbags or carry-alls, while under suit jackets substitute a black lacy bra for a stiff shirt or blouse.

The young and long-legged look good wearing long jackets over leggings or stretch trousers (preferably Marion Foale's at £79 a time from 14 Hinde Street, London W1).

Sketched here, for those whose wardrobes are in urgent need of a pick-me-up, are just some of this summer's accessories:

A. Immediately recognisable, Chanel's gilt earrings with the signature linked Cs at the top. Clip-ons only, £90 at Chanel, 31 Sloane Street, London SW1 or 26 Old Bond Street, London W1.

B. The sandal for holiday wardrobes - Martine Sitbon's gold metallic leather. Sizes 36-40, £109 from Janet Fitch, 2, Percy Street, London W1. (p+p £1.50).

C. Jasper Conran's pig suede evening handbag (very 1980s) in black, pale blue, pink, red or taupe, £96 from The Jasper Conran Shop, 303 Brompton Road, London SW3 or from

Matches, 34 High Street, Wimbledon Village, London SW19.

D. It's the summer of the endangered species and Ninivah Khomo has done a lovely collection in leopard-print chiffon. Wear the blouse as a blouse or as a jacket over a simple black dress or as a cover-up over beachwear. £275 from Ninivah Khomo, 19 Brompton Arcade, London SW3 (p+p £3).

E. Magnificent finely-pleated pure silk chiffon scarf which can be wrapped a multitude of ways. The perfect answer for transforming a day dress or suit into something glamorous for the evening - just twist and wrap it. In cream only, £89.95 from Wardrobe, 17 Chiltern Street, London W1 and 3 Grosvenor Street, London W1 (p+p £2.50).

F. The colours of this summer are cinnamon and sand, copper and mustard, all the sandy, deserty, ochre range. Ethnic jewellery is the perfect foil. This is Jean-Paul Gaultier's gilt and glass bead version - £245 from Browns 22/27 South Molton Street, London W1 (p+p £3).

G. This summer Betty Jackson has produced a range of linen belts embellished with leather trimming and charming motifs (here a little bee sewn on to the buckle). In red, terracotta, gold, black, navy or natural, £65 from a big range of Betty Jackson stockists including Harrods, Fenwick of Bond Street, Janet Fitch.

H. These are the shoes that almost every fashion editor wears (though, as I pointed out once before, the soles seem to be rather thin so get them soled before you wear them) - Philippe Model flaties in rust, grey, navy, red or black. £49.50 (p+p £2.50) from all branches of Whistles shops.

I. Sketched here on and off the model is a collection of beads in wonderful jewelled colours by Sarah Levy. The necklace is £90, the bracelet, £65 and the earrings £62.50 (p+p for any item £1.50), all from Janet Fitch, 2, Percy Street, London, W1.



James Fergusson

FOR HIM

SUMMER IS not the high point for the British male. When the sun shines he usually looks a bit rumpled and a bit surprised, as if he'd been caught unawares with his play clothes still in mothballs. On one of the hottest days last week I went to an elegant lunch and, almost to a man, they were clothed in their dark wool suits. Mighty hot they looked, too.

Several of the better-name manufacturers produce suits made from extremely lightweight (10 oz) fine wools. They look formal enough to grace any boardroom but should see the wearer comfortably through the rest of the summer.

When it comes to weekend and holiday clothes Marks and Spencer has to be the place where those who don't want to lash out on designer names should head for - apart from the washed cotton shirts, about which I have already waxed lyrical, there is also a splendid range of classic cotton chinos in all the summery colours

like beige, stone, khaki and navy.

If you're looking for smarter leisurewear, the sort you might wear to a summer lunch party, it is worth taking a look at Malcolm Levene's shop at 13-15 Chiltern Street, London W1.

Malcolm has an exceptional eye and offers for men the kind of hard-to-find specialist boutique service that women are so used to but that is almost non-existent for men. At the moment he has some lovely light-wear garments from Italy which solve perfectly the problem of looking reasonably formal and well-dressed but not stuffy.

Sketched above is a small collection from the range. The pure woven linen dark grey jacket is £229, the linen and cotton trousers, £98. The grey and white striped shirt in cotton and linen is £89 and the silk, cubist, rather jazzy tie in shades of black, grey and white, is £29. The shirts sketched come in very light, attractive cotton, linen and viscose mixes and in combinations of black, grey and white, £59 each.

Romance goes to the head

YOU WERE warned. I remember very clearly last year John Frieda, the fashionable London crimpier, telling us that dressed hair was the incoming fashion. The simple wash and blow would be all very well for those with empty diaries but anybody with any events at all to go to would be requiring the services of the finest in the land to crimp and twist, tease and dress. Elegance for women's crowning glory is in with a vengeance. Here is a summer look devised by Errol Douglas of Edmunds of 49 Beauchamp Place, London SW3. (tel: 01-589-5958).



Beetle blaster

THE ROYAL Wardrobes, it seems, are being munched away. Woolly bears, the larvae of carpet beetles, have invaded Buckingham Palace and are steadily munching their way through wool, fur, hair and feathers. Woolly bears don't mind whether it's a palace or a humble seat; if it's mild and warm and there's something attractive - such as carpets, curtains and clothes - they move in. If you have the problem on not too large a scale then you might like to know about Rentokil's Carpet Beetle Killer and Moth Proofer - in aerosol form (ozone-friendly, of course) it costs £1.80 from most hardware, DIY shops and department stores.

Fund's showhouse at 44, Kinsmore Gardens, Knightsbridge, London SW7. There a rather grand town house, once a bank, has been bought up and turned into five chic apartments.

But from now until Thursday July 18 a whole host of our leading interior designers has been let loose on the inside and outside, swishing up curtains, stencilling the walls and conjuring up magic spaces. There is some evidence that the British obsession with country houses hasn't quite abated but many of the rooms also show the work of very young designers whose ideas run in quite different directions. What they seem to have in common is a taste for classical grandeur which they contrive in the smallest of spaces.

Interior design

ANYBODY DOING up a house or simply interested in interior design should hurry along to The Imperial Cancer Research



James Fergusson

Look out, too, for the work of Francois Gilles and Dominique Luber, of IPI Interiors, and for Jenny Armit and many more. There is a £10 entrance fee but almost all goes towards Imperial Cancer Research.

Lend me your ears

FOR THOSE whose look is dramatic rather than demure and retiring, the Italian sculptor Marco Rigovacca has produced a new collection of what he calls "ear sculpture." The

earrings need neither clips nor pins and butterflies to hold them on - they sit inside the ear, quite comfortably and securely. The style of them all is bold and big and three of them are sketched here - in sterling silver, all are £95 a pair from Fenwick of New Bond Street, London, W1A 3SS.

HER LAUGHTER LIVES ON.



Laughter in the face of adversity was never better exemplified than in Jacqueline du Pré. Her brilliant career was cruelly cut short by multiple sclerosis at the age of 27. Yet she remains an inspiration even after her death.

Now her courage is remembered in a nationwide appeal to help young professional musicians cope with crippling disease. The prime aim is to provide facilities for those able to live at home, and specialist care for those who cannot. It will also help to finance a music building in her name at St Hilda's College, Oxford.

Miss du Pré was not the first gifted young musician to be stricken by disease. She will not be the last. Please help us reach our target of £2m by sending your donation, large or small, to the Jacqueline du Pré Appeal. (Charity No. 800373), 14 Ogle Street, London W1P 7LG.

JACQUELINE DU PRÉ MEMORIAL FUND APPEAL

Advertisement for the Audemars Piguet Automatic Chronograph watch, featuring an image of the watch and the text 'THE AUTOMATIC CHRONOGRAPH' and 'Audemars Piguet La plus prestigieuse des signatures.'

Cookery article titled 'The good-tempered cucumber' with recipes for cucumber dishes and potato recipes. Includes an image of a vegetable steamer.

Advertisement for the Jacqueline du Pré Memorial Fund Appeal, featuring a photograph of her and text about her life and the fund's purpose.



ARTS



A recent photograph of A.J. Ayer

A.J. Ayer: the end of an era

FIFTY THREE years ago, a beautifully clear, slim volume took the philosophical world by storm. Its main contention a noble simplicity: the only statements which are meaningful are those which in principle can be verified...

Robin Lane Fox remembers an old colleague from New College

A.J. Ayer, the most famous name in British philosophy since Bertrand Russell. His ethics and absence of religious belief were even blamed as a cause of the Second World War. His inspiring lack of any religious conviction was never answered on any of the television programmes where he expounded it...

WHEN WOLFGANG Sawallisch was chief conductor of the Vienna Symphony Orchestra in the late 1960s, he refused to have a concert series named after him in the way that Herbert von Karajan and other illustrious predecessors had done...

Sawallisch, who opens the Munich Opera Festival on Thursday with a new production of Hindemith's *Maisie der Maier*, returns in his autobiography 'Im Interesse der Deutschen' (In the Interest of Germans) published to coincide with his 65th birthday last year...



Wolfgang Sawallisch taking a curtain call after a recent performance of Die Frau ohne Schatten at the Bavarian State Opera

The complete musician

Andrew Clark talks to the German conductor Wolfgang Sawallisch

1971 and director since 1988, Sawallisch was born in Munich and conscripted into the German Army at the age of 18. His war service as a radio operator in Italy fostered a lasting love of the country and its culture...

Beyrath until an abrupt parting in 1968 over the matter of the young Anja Silja, who featured the composer's grandson to the point where, according to Sawallisch, she was encouraged to interpret every leading Wagner soprano role...

where he has been a regular visitor for the past 25 years and where he will conduct a new *Meistersinger* production next February. It also explains his refusal to conduct the *Ring* with any other orchestra...

Sawallisch, the Bavarian government appointed him director in Everding's place in 1983. There were plenty of precedents for conductors running opera companies, but Sawallisch has illustrated some of the disadvantages in his attempt to balance heavy musical commitments with opera house management...

is the first to admit he is one of his rational creatures. It is one reason why he has always preferred to guest conduct in Japan rather than London or Berlin. He admires Japanese discipline and order. It seems to be a case of mutual regard: a Japanese company is financing video recordings of the Munich *Ring* and *Arabella*.

EMI has also helpfully renewed its interest in Sawallisch: there will be a series of Brahms symphony recordings with the London Philharmonic without public concert, Beechoven with the Concertgebouw and more Dvorak from Philadelphia. But the music of Richard Strauss, which will be recorded in Munich, remains Sawallisch's first love.

The incandescent quality which Sawallisch brings to his theatre performances of *Daphne* and *Die Frau ohne Schatten* reflects his conviction that the later operas are of the same quality as *Elektra* and *Der Rosenkavalier*. Each has its own interest in the music of Wagner's Mozart. For him it's not a question of variable quality, it's more a matter of Strauss expressing feelings about different characters.

"What is important is to bring out the way he describes these characters in the music - in the refinement of the composition and his handling of orchestration. Reading the scores, observing what he does not just with the first clarinet, but with the second and third also - this fascinates me. Each musician in the orchestra finds something technically and musically demanding. I like to bring this out in performance."



Reynolds' portrait of Sir Richard Peers Symonds

Collecting in New York

Good time to browse

IT IS Independence Day next Tuesday and the American holiday period, which stretches from Memorial Day at the end of May until Labor Day in early September, is well under way. New Yorkers have either already gone to the Hamptons or else pretend to have done so, and the city is relatively quiet. With the auction rooms dark, the art market is also on holiday. Nevertheless, this can be a good time to browse the galleries.

As with everything in New York, there is endless choice. The Avant-garde in SoHo and the East Village; Contemporary on 57th Street; and just about everything in the shops Uptown around Madison Avenue. The galleries in fact do little business at this time of year, which means that the interested collector will be able to make all the more welcome and indeed may be given a preview of the autumn's pickings.

Worley, inherited by Sir Richard's daughter, who married the Earl of Yarborough; it remained in that family's collection until 1929, when it was sold at Christie's to Lord Brownlow. Thereafter it was sold once or twice before being acquired by the Frick Collection in 1938. Undoubtedly it will now go to a museum.

from Colnaghi, a visit to Didier Aaron is always a treat. With three floors of paintings, sculpture, furniture and objects; this is a veritable Aladdin's Cave of the choice and the unusual, as well as much that is of museum quality. I noticed a pair of 17th-century vases, made of stone, 18th-century Japanese cloisonné vases and English 17th-century tapestries depicting the life of Mary Tudor. There is a Russian ivory dressing mirror from the time of Catherine the Great; a superb Irish 18th-century secretary, and a rare Gillow oak with inlaid brass, inlaid tables of 1818 which was made for Lord Brownlow. Among the paintings is a large Dutch family portrait of 1649 by Hendrick Cornelisz van Vliet and, on a much more modest scale, a small portrait of the French 19th-century painter Delaunay which, although anonymous, is of excellent quality.

Video

Placate those itchy feet

(William Pedersen) at Miami Airport for the vacation of a lifetime. You are both in search of a brutal serial killer. Amid brooding shadows and designer chrysepapes, your tour guide, writer-director Michael Mann, take you through a tale of fear, violence and forensic science. And lucky holiday-goers will get to meet Dr Hannibal Lecter (Brian Cox), murderer and psychopath, in his private, well-padded cell. Fine value. Book now.

British cinema, this is now moving smartly up the Top Ten Rentals chart and is Fryor's best comic showing outside his concert films. Or, why not journey to Lapland for the special *Frosty* package holiday? Escorted by film-maker Nils Gaup, you will be thrown into a tale of quest, vengeance and permafrost: a boy seeking his parents' killer. You will meet the fierce Tchoude warriors, rub noses with reindeers, gasp at the scenery and win an Oscar nomination for Best Foreign Film.

insouciant, "do not disturb" charm. Percy Adlon's splendid *Bogdad Cafe* (Vestron) begins, ends and has its middle on a dusty American roadside. Here Germany's Marianne Sägebarth, 250 pounds if she's an ounce, meets C.H.E. Founder, a black moteller. Founder's friends, family and motel clients include Jack Palance, a mad brother and other merry oddballs. Result: a surreal comedy with real life-act.

No video-viewer should neglect the Golden Oldie corner of the market. On cheaper, "sell-through" labels like The Hollywood Collection and The Video Collection, you may now amass films that wear the light dust of a year or two (Alan Parker's *Angel Heart*, John Carpenter's *Starman*, Lawrence Kasdan's *The Big Chill*), or those that wear the wisecracker mantle of decades. Few bottles are finer than a 1980

Chateau. Roger Corman's *The Fall of the House of Usher* was the first film to blend the black grape of Edgar Allan Poe with the yeasty Gothic panache of Vincent Price. Excellent. Try a taste. Or pull the cork out of *A Streetcar Named Desire*: a fierce, full-bodied vintage this; from the Chateau Tennessee vineyards, bottled by the firm of Leigh & Brande.

In short, whether you view videos as duty-free fine wines or as package holidays, they should be an indispensable part of your summer. Shop now for best offers. Nigel Andrews

ART GALLERIES
PARSONS GALLERY 11 Monmouth St. SW1
EMERSON Fine Arts House, 100 Old Bond St. W1
MANNING GALLERY 4 Abchurch Lane, London
ALLAN'S GALLERY - Hand Engraved Ink
THE TRIVY GALLERY, Cork St. W1
THE LAFWAVE GALLERY, 30 Bruton Street, London
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GRAND KALANIAN GALLERY - A Selection of Paintings

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JUL 1 1989



ARTS

In the footsteps of Pavlova and Balanchine

Clement Crisp reports from the Holland Festival

THE HOLLAND Festival pulled off a coup this week by bringing together two of the greatest dance academies in alternating performance. And watching Lenin-

grad's Vaganova School and the School of American Ballet from New York, one is aware of the bloodlines they share as of the differences in attitude produced by radically opposed expectations of ballet itself.

over the years, and seeing how intense the relationship between repertory and schooling, one can see the reason behind Balanchine's observation. In Amsterdam, where the two schools this week were admirably housed in the Muziektheater, the American students shone brilliant in Balanchine's Square Dance, Valse fantasie, Symphony in C, and in Peter Martins' Les Gentilhommes. In Square Dance the mercurial Sherril LaBlanc produced dazzlingly fast dancing, inhabiting the music with effortless charm, while Arch Higgins did honour to the same ballet's miraculous male solo.



Students of the School of American Ballet

The Vaganova Academy's offerings were no less illuminating of past and future. An opening sequence was devised by Konstantin Sergeyev as a choreographed survey of daily class at all student ages. Here were those rare virtues we expect from Leningrad: harmony and beauty of position, nobility of

means, fluidity and grace in execution. In a succession of mainly 19th century excerpts, culminating in the Grand Pas from Façade, the students displayed that clarity of image, an aristocratic presence, which is so grandly Leningrad's in dealing with the traditional reper-

tor. Their point of reference was constantly the loveliest means (and for the boys the most bravely elegant) of exposing the riches of old choreography. I admired especially Lora Ponomarenko and Yelena Kuzmina, and the heroic young Dmitri Gruzhev and Grigori Tsvetysyev in Flames of Paris. But as with

SAB, the wealthy of ability everywhere astonishes. The meeting of the two schools was vastly rewarding for the audience. I would like to think that for the young dancers it was no less enriching. A door has been opened.

LIFT returns to London

Michael Coveney on the delights of an international theatre festival

WHY DO arts festivals matter? They give focus to the artistic life of a nation and provide opportunities for expanding our horizons. They also, incidentally, make life a lot more interesting for critics. More importantly, they can do the same for audiences.

Dark. That plays at the Royal Court and will no doubt reawaken comparisons with early Edward Bond while adding new dramatic fuel to the discussion of immigrant clannishness in an alien culture that had promised rather more than has been delivered. It is one of the best unknown English language plays of the last 30 years.



Scene from Anatoli Vasiliev's Muscovite version of Six Characters in Search of an Author

Two plays of the world repertoire are always more reverberative in the Eastern Bloc. One is Hamlet the other The Government Inspector. Gogol's tragic satire is appallingly appropriate to contemporary Hungary, with its provincial community erupting in panic and dismay at the impending arrival of a new broom. The place, an economic disaster area, is one of metal lockers and pigeon holes, plastic briefcases, cheap cardigans, bad haircuts and malfunctioning machinery. The communist dream grown sour and decrepit, hedged around with bribery, corruption and incompetence.

Langhoff has something valid and interesting to say about the Strindberg nature of sexual psychopathology. Either way, the show is of "must-see" vitality and consequence, unlike anything in our own dear repertoires.

There are many other worthwhile events around town. More information can be had on 01-240-2428, telephone credit card bookings can be made on 01-636-1702. The whole thing is costing just £560,000, an amount covered by grants (the Arts Council, the South Bank Centre, the British Council) totalling 60 per cent of that figure, sponsorship (Baltic Shipping Company, the Mars Group) of about 18 per cent, and a projected box office and earned income of 22 per cent.

I remember having lunch, about 12 years ago, with two young graduates of Warwick University, Lucy Neal and Rose de Wend Fenton, who were embarked upon plugging a gap between the latest trends in theatre language and the demand, as they saw it, in London for international fare following the demise of Peter Daubeny's World Theatre Seasons. Neal and Fenton were working as waitresses. Their budget extended to two notepads and a telephone line. They are still at it, still on the breadline, still heroic and only slightly more encumbered with proliferating children.

More peripherally, perhaps, Station House Opera, a British group more honoured abroad than on home territory, will celebrate the bicentenary of the French Revolution by building, dismantling and then re-building, the Bastille, just outside the National Theatre on the South Bank. The continuous performance, spread across five days and nights, begins on July 18. The Bastille Dances is a special LIFT commission and has attracted sponsorship from the London Docklands Development Council. The 8,000 hand-stencilled breeze blocks used in the performance are being sold off at graded prices: £1,000 each to Aristocrats, £100 to the Bourgeoisie (who to date include Lord Gowrie and Melvyn Bragg) and £10 to the Sans-Culottes. "Be a brick and buy a block" runs the jaunty, self-help LIFT slogan.

LIFT supporters will fondly recall the Chekhovian spectacular Cereus at the last festival. That show's director, Vasiliev, is back in town with his shattering Pirandello experience in Brixton. For the first time, Pirandello's theatrical metaphors of reality and artifice are taken to the limits, with a second act in the brothel of startling audience involvement. Spoken in Russian and Italian, the text, of which the performance is an inspired deconstruction, is underpinned with the insidious Spanish love song "Besa me mucho." Again, Vasiliev's troupe is one of utter ensemble commitment; Vasiliev teaches at the Moscow School of Dramatic Art and his company, previously encouraged by Yuri Lyubimov as an experimental wing of the Taganka Theatre, has been rendered itinerant since Lyubimov's defection to the West.

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KATE GANZ LTD EXHIBITION OF MASTER DRAWINGS 1500 - 1900 28th June - 8th July At DOUWES FINE ART 38 Duke St, St. James's, SW1 01-839 5795 10-5.30pm daily 10-1pm Sat

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Radio Revolutions remembered

WE ARE all celebrating the bicentenary of the French Revolution and neglecting its less admirable facets, so naturally the classic serial on Radio 4 on Friday afternoon is A Tale of Two Cities. Although nothing very exciting happened in its first instalment yesterday, it should turn out pretty well, if they can run to such casting as Richard Pasco for Jarvis Lorry, Marianne Denham as Dr Manette and Barbara Leigh-Hunt as Miss Pross. Charlotte Attenborough is Lucie, and we are to have Charles Dance as Sydney Carton. Ian Coterrell directs.

On Thursday, Radio 4 journeyed The Hundred Leagues from Paris, where Colin McLaren described the typically individual revolution of the Marseillais, more concerned with the price of bread and the unjust taxes than any implied faults of king or aristocracy. The programme dealt more with names and dates than with excitement, but it was good to have our minds

taken off the Bastille and the guillotine for a change. Ronald Frame's interesting play Marina Bray (Radio 3, Tuesday) was based on an idea rather than a plot. "Life is a series of returns to what has been before," novelist Marina says - just as well, for she dies in a car crash within a minute. We are then given a diachronic view of Marina's life, moving forward and back through all she had foreseen in the womb. Once as a little girl she saw a strange woman in the house, but her father insisted she saw nothing. Marriages, livelihoods, infidelities, are mentioned rather than expounded - a cobweb of detail in which Marina has a Priestleyesque sense of having been there before. This whole family pattern is, in fact, the plot. No one as half-omniscient as Marina could be happy. She knows her husband is having an affair; her own affair "has the finishing line in sight." Visiting the family home afterwards, Patricia and Oliver, Marina's brother and sister, sense a child in the house. And we are back at that former time when little Marina saw a strange lady. "Who are you?" she calls again. We know now who she was.

Cheers No. 778: 1 P-NK(B), K-N4; 2 P-RS(B), K-R3; 3 B-B4 mate. If 1... K-N2; 2 B-K7, K-R1 (K-R3; 3 P-Q; 3 B-B6 mate.

OF INTEREST TO COLLECTORS OF RARE ANTIQUITIES OR MUSEUMS 1) 22 carat handbead dated 1200 BC 2) Best ever dynasty 18th-19th centuries. 22 carat to view Write Box A 1252, Financial Times, One Southwark Bridge, London SE1 9XL.

Lord Reith's centenary was marked in a two-part programme, Reith Remembered, on consecutive Wednesdays (repeated Sundays), presented by Frank Gillard. Reith might not have approved of it. (As his daughter said of his commemoration service at the Abbey, Tuesday) "He would have been annoyed - but pleased." The first part was an anecdotal account of his life up to his resignation from the BBC - five years as a locomotive engineer in Glasgow, service as a Sapper during the war, then his appointment to this unrivaled company, at £1750 a year. As DG, he coped with the general strike, when Churchill wanted to take over, with television, which left him cold; with the abdication of King Edward VIII; but he never felt fully stretched. "What a curse it is," he wrote in his diary, "to have outstanding ability and intelligence." But whatever his qualities, when he left the BBC he went only to Imperial Airways. In his later days, covered in the second programme, he was Chamberlain's Minister of Information until Churchill (they disliked each other) moved him to Transport, then to Works, and finally he was found a job in the Admiralty. Though he never got the kind of position he wanted, he pulled the Colonial Development Corporation together in his nine years there. As Lord High Commissioner for the Church of Scotland, he was at last capable of representing the Queen; but he would not speak to his Chaplain, who was his son-in-law. The account of family life given by his son and daughter sounds distressing. It would have been interesting to hear more of his notorious diary, his "safety valve."

'Alice' Kemped up

THE IDEA that Lewis Carroll's Alice stories are a 1960s-type magical mystery tour isn't new, and I'm surprised that Lindsay Kemp, that merchant of 1960s-type sensations, has not got around to it before now. His Alice, new last year and currently being seen for the first time in Britain at Sadler's Wells, also borrows some ideas from other treatment, but this could only be a Kemp show. The heroine and author also appear in their real-life personae as the Rev. Charles Dodgson and Alice Liddell. But Dodgson's affection for Alice - a theme handled with delicacy and poignancy in the Dennis Potter film Dreamchild a few years back - is here foggy served up as gully paedophilia.

In one garden scene the Red Queen to interrupt and punish. Victorian values, geddit? Similarly, just after Alice has collapsed the court with her cry of "You're nothing but a pack of cards!" the White Knight starts a "Nothing but love" song and lo, they all join in, and group resurrection plus freedom from guilt are at hand. All you need is love, remember? But the Queen of Hearts defies this. Off with his head! And then the headless White Knight turns out to be the defrocked Dodgson - now looking like a prime postulant for Reading Gool.

Most of it would be tolerable if it was staged with sensitivity. But this Alice, like all Kemp, belongs to the Theatre of Excess. The Duchess and Cook batter the baby with a metal ladle and bash it on the floor. The Queen of Hearts whistles an onstage decapitation and plays croquet with the head. And Alice is as protegee as anybody else, plainly mocking the role's childishness with an exaggerated giggle and half-imbecilic manners. She makes eyes at the audience, at



Lindsay Kemp and Nuria Moreno

Pick of the week CHRISTIE'S THIS HIGHLY IMPORTANT bracket clock once belonged to HRH The Duke of Sussex, George III's son. Made by Thomas Tompion, one of the greatest pioneers in horological engineering who worked in London between 1671 and 1713, this superb timepiece includes a remarkably sophisticated movement. It will be sold in the sale of Highly Important Clocks at Christie's King Street on Wednesday, 5 July at 11.00 a.m. This impressive sale includes other works by Tompion, especially a newly discovered boxwood longcase night clock (£250,000-400,000), as well as superb clocks by leading makers from the golden age of English clockmaking, such as Joseph Knibb, Daniel Quare, Thomas Windmills and Edward East. For further information on this and any other sales in the next week, please telephone (01) 839 9060. 8 King Street, London SW1 85 Old Brompton Road, London SW7 164-166 Bath Street, Glasgow



SPORT

Looking at the end of a tennis era

To be aged over 30 is to be a veteran in tennis terms, says John Barrett. He has been admiring the young crop of players at this year's Wimbledon championships

WHEN THE 17-year-old wonder children Arantxa Sanchez Vicario and Michael Chang won the singles titles at the French Open they received due acclaim. But many were the people in the game who forecast that when it came to Wimbledon and grass things would be different.

But Sanchez in particular proved yesterday that she is a fast learner. On two previous visits to Wimbledon she had never won a match but, against the lively Italian, Rafaela Reggi, yesterday, the diminutive Spaniard showed a court craft and a grasp of the niceties of grass court play that belied her years.



Hill and farewell: Connors (left) goes out. But it's business as usual for John McEnroe



Hill and farewell: Connors (left) goes out. But it's business as usual for John McEnroe

The eight-time champion pulled herself together. Navratilova won the second set before fading light obliged the players to leave the court.

Then, after sharing the first six games, she broke service and coasted home, blowing kisses to her friend Judy Nelson in the crowd.

ing the French Open, in order to concentrate her preparations on grass, 33-year-old Navratilova has discovered that the young brigade are no respecters of reputations.

Her dream of an appearance in next Saturday's final remains a great distance away at the moment. Finally, there is John McEnroe: 30-years-old, father of two boys, three times Wimbledon champion and a competitor who has had to struggle mightily to recapture some of the touch of his golden year, 1984, as he bids to achieve on court what he believes in his heart that Wimbledon lies within his grasp one more time.

and 3 1/2 hours' hard labour before defeating Darren Cahill in the first round. He dropped a set in overcoming Richey Reneberg in the second round. Today McEnroe will play Jim Pugh for a place in the last 16. Pugh, a doubles specialist, can handle himself in singles too, as McEnroe discovered in the unofficial Wimbledon tournament last week when Pugh beat him. It is likely that McEnroe will average that set-back but it is all proving very hard work indeed on the wrong side of the watershed.

she has been proved beatable by Sanchez in the US, where they have been anxiously looking around for replacements for Connors and McEnroe, three youngsters have thrust themselves forward in the past year - Andre Agassi, Chang and Pete Sampras. Agassi, of course, made his greatest impact last year but, having chosen not to appear at Wimbledon in 1988 and again this year, is little known in this country.

THE NEWSPAPER boy outside the stewards' enclosure was spreading gloom and doom on the opening day of Henley Royal Regatta. "Terrible news, terrible news," he cried, "rail strikes every day."

break is for crews to practise, not for lobster and strawberries," says the effervescent Peter Coni, management committee chairman.

Party time at the regatta Phillip Halliday celebrates Henley's 150th anniversary This anniversary year began producing records before the first attention, set, go, resounded around the start at Temple Island, some 1 1/4 miles from the finish.

equalled the record of 7 minutes 40 seconds set by Sean Drea in 1976. There was an upset in this event yesterday when defending Diamond Sculls champion, Australian Hannah McInnes was beaten by the heavier Dutchman Hans Kelderman.

yesterday saw off the Leander pair, Charles Brook-Partridge and Mark Partridge. "Sleep is for wimps," should be the motto of the Power Ten crew from New York. The unlikely line-up has a distinctive Wall Street flavour: investment banker, analyst at Morgan Stanley and First Boston and riding the bows Mike Meehan, 43-year-old senior stock trader at Salomon Brothers.

Oxford University mutineer Chris Clark. The crew succumbed in the second round on Thursday to Notts County 'B' and the crew of 'Tideaway Scullers 'A' on the opening day.

CROSSWORD

No. 6974 Set by CINEPHILE Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday July 12, marked Crossword 6974 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday July 15.

Crossword puzzle grid with numbers 1-30 indicating starting positions for clues.

ACROSS 1 Front for an outsider in foreign faith (6) 4 Equally hot line is different number (8) 10 Money-lender's relations have glossy fabric (9) 11 Stiff and cold with leader missing (5) 12 Lose energy that can be waved (4) 13 Saying how to make the gap hop (10) 15 Drive back in case of vegetables (7) 16 Punish severely for brief hour among rubbish (6) 19 Have another pull: keep it away from Taurus? (3,3) 21 One pound in Capricorn: he starts as a giant (7) 23 Material change of colt to pony (10) 25 Body holder could be drunk we hear (4) 27 Excel, striking note (5) 28 Where yes-men live and dream? (4,3,3) 30 Fraction one may have to pay for (6) 31 In October one finds a fairy (6)

TELEVISION & RADIO

SATURDAY

Granada 11:00 am The Chart Show. 1:40 The Duke Lives On - John Wayne. 2:15 The Incredible Hulk. 3:15 The Incredible Hulk. 4:15 The Incredible Hulk. 5:15 The Incredible Hulk. 6:15 The Incredible Hulk. 7:15 The Incredible Hulk. 8:15 The Incredible Hulk. 9:15 The Incredible Hulk. 10:15 The Incredible Hulk. 11:15 The Incredible Hulk.

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